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OF THE
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PHILADELPHIA, PA.

DECEMBER 26-29, 1902

FEBRUARY, 1903

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AMERICAN ECONOMIC ASSOCIATION

The American Economic Association is an organization composed mainly of persons interested in the study of political economy or the economic phases of political and social questions. As may be seen by examining the list of members and subscribers printed in this volume, not only are all universities and most prominent colleges in the country represented in the Association by their teachers of political economy and related subjects, but even a larger number of members come from those interested as business men, journalists, lawyers or politicians in the theories of political economy or, more often, in their applications to social life. There are further more than one hundred subscribers, nearly all being large libraries.

The first two meetings of the Economic Association in 1885 and 1887, and the meetings of 1897, 1898, 1900, 1901, and 1902, were at the same place as those of the American Historical Association. Joint sessions and less formal gatherings of the members of the two Associations were thus held. The annual meetings give opportunity for social intercourse among the teachers and public men composing the Association's membership. They contribute also to create and cement acquaintanceship and friendship between teachers of economics and cognate subjects in different institutions, and so to counteract any tendency to particularism which the geographical separation and the diverse traditions of American colleges might be deemed to foster.

The Publications of the Association, a complete list

of which is printed at the end of this volume, were begun in March, 1886. The first series of eleven volumes was completed by a general index in 1897. The second series, comprising two volumes, was published in 1897-99, and in addition thereto the Association issued, during 1896-99, four volumes of Economic Studies. In 1900, a third series of quarterly Publications was begun with the Papers and Proceedings of the Twelfth Annual Meeting, and has been continued since with ample amount and variety of matter. It is intended to add to these quarterly numbers, from time to time, such monographic supplements as the condition of the treasury and the supply of suitable manuscript may make possible.

The American Economic Association is the organ of no party, sect or institution. It has no creed. Persons of all shades of economic opinion are found among its members, and widely different views are given a hearing in its annual meetings and through its publications.

The officers of the Association and the contributors to its Publications receive no pay for their services. Its entire receipts are expended in printing and circulating the Publications and in the slight expenses attendant upon the annual meetings. Any member, therefore, may regard his annual dues either as a subscription to an economic publication, a payment for membership in a scientific association, or a contribution to a publication fund for aiding the publication of valuable manuscript that might not be accepted by a publishing house governed primarily by motives of profit, and that could not be published by the writer without incurring too heavy a burden of expense.

CONSTITUTION

ARTICLE I.

NAME.

This Society shall be known as the AMERICAN ECONOMIC ASSOCIATION.

ARTICLE II.

OBJECTS.

1. The encouragement of economic research, especially the historical and statistical study of the actual conditions of industrial life.

2. The publication of economic monographs.

3. The encouragement of perfect freedom of economic discussion. The Association as such, will take no partisan attitude, nor will it commit its members to any position on practical economic questions.

4. The establishment of a bureau of information designed to aid members in their economic studies.

ARTICLE III.

MEMBERSHIP.

Any person may become a member of this Association by paying three dollars, and after the first year may continue a member by paying an annual fee of three dollars. On payment of fifty dollars any person may become a life member, exempt from annual dues.¹

ARTICLE IV.

HONORARY MEMBERS.

The Council may elect foreign economists of distinction not exceeding twenty-five in number, honorary

¹ NOTE—Each member receives all reports and publications of the Association.

members of the Association. Each honorary member shall be entitled to receive all reports and publications of the Association.

ARTICLE V.

OFFICERS.

The officers of the society shall consist of a President, three Vice-Presidents, a Secretary, a Treasurer, a Publication Committee, and a Council.

ARTICLE VI.

COUNCIL.

1. The Council shall consist of an indefinite number of members of the society, chosen, with the exception of the original members, for three years. It shall have power to fill all vacancies in its membership, and may add to its number.

2. It shall elect the President, Vice-Presidents, Secretary, and Treasurer; the President, the Secretary, the Treasurer and the Chairman of the Publication Committee, together with three other members to be elected by the Council, shall constitute an Executive Committee with such powers as the Council may entrust to it; provided, however, that the offices of Secretary and of Treasurer may be filled by one person, and that the offices of Vice-President and of elected member of the Executive Committee may be filled by one person.

3. The Council shall organize itself into a number of standing committees upon the various lines of research undertaken. These committees shall prepare reports from time to time upon such subjects relating to their respective departments as they may select, or as may be referred to them by the Council. These reports shall be presented to the Council at its regular or special meetings and be open to discussion. All papers offered to the society shall be referred to the appropriate committees before being read in Council.

4. The Council shall have charge of the general interests of the society, and shall have power to call meetings and determine what reports, papers, or discussions are to be printed, and may adopt any rules or regulations for the conduct of its business not inconsistent with this constitution.

5. The Council shall elect a Committee on Publications, which shall consist of six members, so classed that after the first election the term of two members shall expire each year. This committee shall have charge of and responsibility for the scientific publications of the Association.

ARTICLE VII.

AMENDMENTS.

Amendments, after having been approved by a majority of the Council, may be adopted by a majority vote of the members present at any regular meeting of the Association.

BY-LAWS

1. The President of the Association, who shall be *ex-officio* a member of the Council, shall preside at all meetings of the Council and Association, and perform such other duties as may be assigned to him by the Council. In case of inability to perform his duties, they shall devolve upon the Vice-Presidents in the order of their election, upon the Secretary and Treasurer, and upon the Chairmen of the Standing Committees, in the order in which the committees are mentioned in the list.

2. The Secretary shall keep the records of the Association, and perform such other duties as the Council may assign to him.

3. The Treasurer shall receive and have the custody of the funds of the Association, subject to the rules of the Council.

4. The following Standing Committees shall be organized:

- (1). On Labor.
- (2). On Transportation.
- (3). On Trade.
- (4). On Public Finance.
- (5). On Industrial and Technical Education.
- (6). On Exchange.
- (7). On General Questions of Economic Theory.
- (8). On Statistics.
- (9). On Teaching Political Economy.

The Executive Committee may appoint such special committees as it may deem best.

5. At any meeting called by the general summons of the President five members shall constitute a quorum.

6. Papers offered for the consideration of the Council, shall be referred by the Secretary, each to its appropriate committee.

7. In order to encourage economic research, the Association proposes to render pecuniary assistance in the prosecution of the same, and to offer prizes for the best monographs upon selected topics. It stands ready to accept and administer any fund placed at its disposal for either purpose.

8. The Executive Committee shall have power at any time to add new members to the Council.

9. The Executive Committee shall assign all members of the Council to one of the Standing Committees, and shall appoint the Chairmen of the Committees.

10. It shall be the duty of the Chairman of the respective Committees to organize and direct the work of the same, under the general control of the Council.

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 STRONG, WILLIAM H., 134 Jefferson Avenue, Detroit, Mich.
 †SWARTHMORE COLLEGE, Swarthmore, Pa.
 SWAIN, HENRY H., Prof., Dillon, Mont.
 *SWAYNE, WAGER, 195 Broadway, New York City.
 SYLVESTER J. WALTER, Albany, N. Y.
 TAKASU, TASUKE, Japanese Legation, Peking, China.
 TAKEMURA, KINJI, care of Y. Ikeda, 27 Masagocho Hongo, Tokio,
 Japan.
 †TAMAYA, T. & Co., 5 Guiza Sanchoime, Kyobashiku, Tokio, Japan.
 TANKA, M. I., Librarian Imperial Library, Tokio, Japan.
 TAUSSIG, FRANK WILLIAM, Prof., Harvard University, Cambridge,
 Mass.

- TAYLOR, FRED MANVILLE, Prof., University of Michigan, Ann Arbor, Mich.
- TAYLOR, GRAHAM, Prof., 43 Warren Avenue, Chicago, Ill.
- TAYLOR, H. C., Prof., University of Wisconsin, Madison, Wis.
- TAYLOR, WILLIAM G. LANGWORTHY, Prof., University of Nebraska, Lincoln, Neb.
- TENNEY, D. K., 108 East Main Street, Madison, Wis.
- TENNY, M. A., 435 Beatty Street, Pittsburg, Pa.
- †TEXAS, UNIVERSITY OF, Austin, Texas.
- *THOM, DECOURCEY WRIGHT, 119 East Baltimore Street, Baltimore, Md.
- THOMPSON, CHARLES N., Treasurer George School, George School, Pa.
- THOMPSON, SANDFORD ELEAZER, Newton Highlands, Mass.
- THURBER, CHARLES HERBERT, 13 Tremont Place, Boston, Mass.
- *THURBER, FRANCIS B., 90 West Broadway, New York City.
- THWAITES, REUBEN GOLD, Secretary of State Historical Society, Madison, Wis.
- TILDSLEY, JOHN L., 520 W. 123d Street, New York City.
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- TITSWORTH, JUDSON, D.D., 291 Ogden Avenue, Milwaukee, Wis.
- TOOKE, CHARLES WESLEY, 606 University Avenue, Syracuse, N. Y.
- †TORONTO, UNIVERSITY OF, Toronto, Canada.
- TUCKER, GEORGE FOX, 616 Barristers' Hall, Boston, Mass.
- TUCKEY, EDSON NEWTON, 23 Lynwood Street, New Haven, Conn.
- †TUFTS COLLEGE, Tufts College, Mass.
- TUTTLE, CHARLES AUGUSTUS, Prof., Wabash College, Crawfordsville, Indiana.
- †TWIETMEYER, A., Leipzig, Germany.
- TWINING, A. C., Asbury Park, N. J.
- UNDERHILL, C. M., Librarian, Utica Public Library, Utica, N. Y.
- UPHAM, FREDERICK W., Pres. Board of Review, Old Colony Bldg., Chicago, Ill.
- URDAHL, THOMAS K., 730 N. Weber Street, Colorado Springs, Col.
- VAN VORHIS, FLAVIUS JOSEPHUS, 1129 Stevenson Bldg., Indianapolis, Ind.
- VEASEY, JOHN H., Lomagundi Dist., Rhodesia, S. Africa.
- VEBLEN, THORSTEIN B., University of Chicago, Chicago, Ill.
- VEDITZ, C. W. A., Bates College, Lewiston, Me.
- VENABLE, RICHARD M., 205 E. German Street, Baltimore, Md.
- †VERMONT, UNIVERSITY OF, Burlington, Vt.
- VIETH, HENRY A., 234 11th Street, N. E., Washington, D. C.
- VICKERS, E. H., 2 Nichome, Mita, Shiba, Tokyo, Japan.
- VINCENT, GEORGE EDGAR, University of Chicago, Chicago, Ill.
- VIRTUE, G. O., Prof., 758 W. Broadway, Winona, Minn.
- †WABASH COLLEGE, Crawfordsville, Ind.
- WADLIN, HORACE G., 20 Beacon Street, Boston, Mass.

- *WADSWORTH, H. L., Editor *Mining and Scientific Review*, Denver, Col.
- °WAGNER, ADOLPH, Prof., University of Berlin, Berlin, Germany.
- WALKER, C. S., Amherst, Mass
- WALKER, FRANCIS, Prof., Adelbert College, 46 Nantucket Street, Cleveland, O.
- WALKER, T. B., 803 Hennepin Avenue, Minneapolis, Minn.
- WALLING, WILLIAM ENGLISH, 4127 Drexel Boulevard, Chicago, Ill.
- °WALRAS, LEON, Prof., Clarens, Vand, Switzerland.
- *WALSH, CORREA, M., Bellport, L. I.
- WARBURG, F. M., 27 Pine Street, New York City.
- WARD, EDWARD G., Jr., Department of Agriculture, Washington, D. C
- WARD, JOHN H., 34 Kenyon Building, Louisville, Ky.
- WARD, LESTER FRANK, 1464 R. I. Ave., Washington, D. C.
- WARNER, ADONIRAM JUDSON, Marietta, Ohio.
- WARREN, WILLIAM R., 81 Fulton Street, New York City.
- †WASHINGTON, UNIVERSITY OF, Seattle, Wash.
- WATKINS, GEORGE P., 240 Hazen Street, Ithaca, N. Y.
- WEATHERLY, ULYSSES GRANT, Prof., Indiana University, Bloomington, Ind.
- WEAVER, E. E., Harrodsburg, Ky.
- WEAVER, JAMES RILEY, Prof., DePauw University, Greencastle, Ind.
- WEBER, ADNA F., Chief Statistician, New York State Department of Labor, Albany, N. Y.
- WEBER, GUSTAVUS A., Bureau of Labor, Washington, D. C.
- WEEKS, RUFUS W., 346 Broadway. New York City.
- WELLES, F. R., 44 Rue St. Didier, Paris, France.
- WELLS, DAVID COLLIN, Prof., Dartmouth College, Hanover, N. H.
- WELLS, PHILIP P., 72 Mansfield Street, New Haven, Conn.
- WEST, EDWIN P, Dayton, Ky.
- WEST, MAX, 429 Greenwood Ave., Richmond Hill, N. Y.
- WEST, WILLIAM L., 330 West 3rd Street, St. Paul, Minn.
- †WEST VIRGINIA UNIVERSITY, Morgantown, W. Va.
- WESTENHAVER, D. C., Martinsburg, W. Va.
- †WESTFIELD ATHENAEUM, Westfield, Mass.
- WESTON, CHARLES, 435 South 12th Street, Lincoln, Neb.
- WESTON, NATHAN AUSTEN, University of Illinois, Champaign, Ill.
- *WETMORE, GEORGE PEABODY, Newport, R. I.
- WEYL, WALTER E, National Civic Federation, 281 Fourth Avenue, New York City.
- WHEELER, FRED B., 30 Chenango Street, Binghamton, N. Y.
- WHITAKER, ALBERT C., Stanford University, Cal.
- WHITE, ALBERT B., Charleston, W. Va.
- WHITE, ANDREW DICKSON, U. S. Minister to Germany, Berlin.
- WHITE, FRANK, Bismarck, N. D.

- WHITE, HERBERT H., Hartford, Conn.
 WHITE, HORACE, 18 W. 69th Street, New York City.
 *WHITE, JULIAN LEROY, 51 *News* Building, Baltimore, Md.
 WHITE, PETER, Marquette, Mich.
 WHITE, WALTER PORTER, Oshkosh, Wis.
 WHITE, Z. L., 819 East Broad Street, Columbus, Ohio.
 WHITNEY, EDSON LEONE, Prof., Lamar, Mo.
 WHITTLESEY, (Miss) SARAH SCOVILL, 367 Prospect Street, New Haven, Conn.
 WHITTEN, ROBERT HARVEY, State Library, Albany, N. Y.
 WICKER, GEORGE RAY, Dartmouth College, 30 N. Main Street, Hanover, N. H.
 WILCOX, DELOS FRANKLIN, Elk Rapids, Mich.
 WILGUS, JAMES ALVA, Platteville, Wis.
 WILLARD, MARTIN STEVENSON, Wilmington, N. C.
 WILLARD, NORMAN P., 1532 Marquette Building, Chicago, Ill.
 WILLARD, TUTHILL, 156 S. Franklin Street, Wilkesbarre, Pa.
 WILCOX, WALTER FRANCIS, Prof., Cornell University, Ithaca, N. Y.
 WILLETT, ALLAN H., Brown University, Providence, R. I.
 †WILLIAMS COLLEGE, Williamstown, Mass.
 WILLIAMS, Dr. G. C. F., Hartford, Conn.
 WILLIAMS, HARVEY LADEW, 27 Williams St., New York City.
 WILLIAMS, TALCOTT, 916 Pine Street, Philadelphia, Pa.
 *WILLIAMS, TIMOTHY SHALER, 913 Union Street, Brooklyn, N. Y.
 WILLIS, HENRY PARKER, Prof., Washington and Lee University, Lexington, W. Va.
 WILLOUGHBY, WILLIAM FRANKLIN, U. S. Department of Labor, Washington, D. C.
 WILLOUGHBY, W. W., John Hopkins University, Baltimore, Md.
 WILSON, GEORGE GRAFTON, Prof., Brown University, Providence, R. I.
 WILSON, THOMAS, The Aberdeen, St. Paul, Minn.
 WILSON, WOODROW, Pres., Princeton University, Princeton, N. J.
 *WINSLOW, WILLIAM COPLEY, 525 Beacon Street, Boston, Mass.
 WINSTON, AMBROSE PARÉ, Washington University, St. Louis, Mo.
 WOOD, FREDERICK A., 295 Pawtucket Street, Lowell, Mass.
 WOOD, STUART, 400 Chestnut Street, Philadelphia, Pa.
 *WOODFORD, ARTHUR BURNHAM, Prof., "Oak Hill," 469 Whalley Avenue, New Haven, Conn.
 WOODRUFF, CLINTON ROGERS, 818-819 Girard Building, Philadelphia, Pa.
 WOODWARD, P. H. Connecticut General Life Insurance Co., Hartford, Conn.
 WOOLWORTH, JAMES MILLS, Omaha, Neb.
 †WORCESTER FREE PUBLIC LIBRARY, Worcester, Mass.
 *WORTHINGTON, T. K., *The Daily News*, Baltimore, Md.

List of Members

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- WRIGHT, CARROLL DAVIDSON, United States Commissioner of Labor,
Washington, D. C.
WYCKOFF, WALTER AUGUSTUS, Prof., Princeton, University, Prince-
ton, N. J.
WYLIE, Rev. WM. H., Greencastle, Ind.
YARROS, VICTOR S., 608 E. Division St., Lincoln Park Station,
Chicago, Ill.
YOUNG, ALLYN A., Adelbert College, Cleveland, O.
YOUNG, FREDERICK G., Prof., Eugene, Oregon.
YOUNG, JAMES T., University of Pennsylvania, Philadelphia, Pa.
YOUNG, JOHN P., *Chronicle* Office, San Francisco, Cal.
ZACHRY, JAMES G., 1038 Fifth Ave., New York City.

SUMMARY OF MEMBERSHIP—FEBRUARY 1, 1903.

Honorary members	13
Life members	75
Annual members	782
Subscribers	138
Total	1008

GEOGRAPHICAL DISTRIBUTION OF MEMBERS AND SUBSCRIBERS.

Alabama	1	Maryland	29	Pennsylvania	66
Arkansas	2	Massachusetts	105	Rhode Island	13
California	29	Michigan	32	South Dakota	3
Colorado	7	Minnesota	22	Tennessee	4
Connecticut	34	Mississippi	1	Texas	6
Dist. of Columbia	59	Missouri	30	Vermont	5
Florida	2	Montana	4	Virginia	2
Georgia	2	Nebraska	16	Washington	13
Idaho	1	New Hampshire	7	West Virginia	8
Illinois	60	New Jersey	20	Wisconsin	32
Indiana	18	New York	206	Wyoming	2
Iowa	19	North Carolina	7	Canada	7
Kansas	4	North Dakota	2	Other foreign	
Kentucky	4	Ohio	51	countries	55
Louisiana	4	Oklahoma	1		
Maine	7	Oregon	6	Total	1008

THE FIFTEENTH ANNUAL MEETING

The Fifteenth Annual Meeting of the American Economic Association was held at Philadelphia, Pa., Friday, Saturday and Monday, December 26, 27 and 29, 1902. The day sessions were held in Houston Hall in the University of Pennsylvania. The American Historical Association met at the same time and place, and joint sessions of the two Associations were held Friday evening in the auditorium of Drexel Institute, and Monday evening in Griffith Hall, 1420 Chestnut Street.

The program as carried out was as follows :

PROGRAM

First Session—Friday, December 26, 8 P. M.

Joint Session with the American Historical Association.

Welcome by Dr. JOSEPH WHARTON, Chairman of the local reception committee.

1. Subordination in Historical Treatment. Address by A. T. MAHAN, Captain U. S. N., President of the American Historical Association.
2. Economics and Social Progress. Address by EDWIN R. A. SELIGMAN, President of the American Economic Association.

Second Session—Saturday, December 27, 10 A. M.

PUBLIC REGULATION OF RAILROADS.

1. National Regulation. CHARLES A. PROUTY, Interstate Commerce Commissioner.
2. Legislative Regulation of Railroad Rates. WALKER D. HINES, Vice-President Louisville and Nashville R. R.
3. Discussion opened by EMORY R. JOHNSON, Assistant Professor of Transportation and Commerce, University of Pennsylvania, BALTHASAR H. MEYER, Professor of Institutes of Commerce, University of Wisconsin, and J. SHIRLEY EATON, Statistician of the Lehigh Valley Railroad.

Third Session—Saturday, December 27, 2.30 P. M.

ECONOMIC THEORY.

1. The Dynamics of the Wages Question. JOHN B. CLARK, Professor of Political Economy, Columbia University.
2. Discussion opened by JOHN A. HOBSON, London, Eng., and THOMAS N. CARVER, Professor of Political Economy, Harvard University.
3. Distribution by a Law of Rent. C. W. MACFARLANE, Philadelphia, Pa.
4. Discussion opened by SIMON N. PATTEN, Professor of Political Economy, University of Pennsylvania, and ALVIN S. JOHNSON, Tutor in Economics, Columbia University.

Fourth Session—Monday, December 29, 10 A. M.

PROBLEMS OF ORGANIZED LABOR.

1. The Union Shop. HENRY WHITE, Secretary United Garment Workers of America.
2. Free Shops for Free Men. WILLIAM H. PFAHLER, former President National Founders' Association, Philadelphia.
3. Discussion opened by SAMUEL B. DONNELLY, former President Typographical Union, No. 6, New York, and JOHN E. GEORGE, Assistant Professor of Economics, Northwestern University.

Fifth Session—Monday, December 29, 2.30 P. M.

AIMS OF ORGANIZED LABOR.

1. The Ideals of Trade Unions. Papers by GEORGE EDWIN MCNEILL, Boston, Mass., and FRANK K. FOSTER, Boston, Mass., Chairman of the Legislative Committee of Mass. Federation of Labor.
2. Discussion opened by SIMEON B. CHASE, Manager King Philip's Mill, Fall River.

Sixth Session—Monday, December 29, 8 P. M.

Second Joint Session with the American Historical Association.

1. Currency Problems in the Orient. JEREMIAH W. JENKS, Professor of Political Economy and Politics, Cornell University.
2. Discussion by CHARLES A. CONANT, Treasurer Morton Trust Co., New York, and G. BRUCE WEBSTER, New York Agent of the Chartered Bank of India, Australia, and China.
3. American Business Corporations before 1789. SIMEON E. BALDWIN, Judge of the Supreme Court of Errors of Connecticut.

MEMBERS IN ATTENDANCE.

J. S. Aburatani, Morton A. Aldrich, Abram P. Andrew, Jr., Foy S. Baldwin, Simeon E. Baldwin, George E. Barnett, Don C. Barrett, John S. Bassett, Charles Beardsley, John W. Black, J. Chester Bowen, Thomas E. Brown, Charles J. Bullock, Thomas N. Carver, Robert C. Chapin, Simeon B. Chase, Frederick C. Clark, John B. Clark, James W. Crook, Winthrop M. Daniels, Andrew McF. Davis, Michael M. Davis, Jr., Rev. M. Angelo Dougherty, Ernest F. Du Brul, E. Dana Durand, Franklin S. Edmonds, Richard T. Ely, Roland P. Falkner, Henry W. Farnam, Frank A. Fetter, George L. Fielder, John H. Finley, A. W. Flux, Henry J. Ford, Worthington C. Ford, J. Dorsey Forrest, Irvin A. Fort, Henry B. Gardner, John E. George, Nicholas P. Gilman, William H. Glasson, John M. Glenn, David I. Green, Edward T. Hartman, Edward M. Hartwell, Delmer E. Hawkins, Cheeseman A. Herrick, Joseph A. Hill, John A. Hobson, John T. Holdsworth, Jacob H. Hollander, Isaac Hourwich, Charles H. Hull, Maurice Jacobson, Jeremiah W. Jenks, Emory R. Johnson, Joseph F. Johnson, Gustav A. Kleene, Roswell C. McCrea, Logan G. McPherson, Frank L. McVey, Theodore Marburg, Webster Merrifield, Balthaser H. Meyer, Herbert E. Mills, Charles W. Mixer, Frederick W. Moore, Henry R. Mussey, Simon N. D. North, Robert B. Olsen, Simon N. Patten, Carl C. Plehn, George A. Plimpton, Jesse E. Pope, Herbert Putnam, William A. Rawles, William Z. Ripley, Edward A. Ross, Leo S. Rowe, Frank R. Rutter, William A. Schaper, John C. Schwab, Henry R. Seager, Edwin R. A. Seligman, Vladimir G. Simkhovitch, Albion W. Small, Ernest A. Smith, Delos DeW. Smyth, Charles W. Spencer, Rufus F. Sprague, Worthy P. Sterns, John L. Stewart, William G. L. Taylor, Charles H. Thurber, Reuben G. Thwaites, John L. Tildsley, C. W. A. Veditz, C. S. Walker, Lester F. Ward, George P. Watkins, Adna F. Weber, Philip P. Wells,

Max West, Horace White, Robert H. Whitten, George G. Wilson, Ambrose P. Winston, Stuart Wood, Allyn A. Young, James T. Young. Total, 110.¹

COUNCIL MEETINGS

The Council met Saturday, December 27th, at 8:15 P. M., at the University Club, President Seligman being in the chair. The Secretary's report was read and accepted. It is as follows:

REPORT OF THE SECRETARY TO THE COUNCIL OF THE AMERICAN ECONOMIC ASSOCIATION.

DECEMBER, 1902.

Two meetings of the Executive Committee have been held during the current year. At the first one, held in New York city, January 31, the Committee, acting in accordance with the authority given it by the Council, fixed the place of the present meeting. The questions referred to the Committee by the Council as to the appointment of special committees on local finance, on transportation, and on workingmen's insurance, and that of recognizing local chapters of the Association were discussed and action deferred. Carl C. Plehn, Professor in the University of California, was appointed chairman of the Committee on Index Numbers, and acting under the authority granted him he has appointed as members of his committee Irving Fisher and A. W. Flux. The policy as to the publications was discussed, and the chairman of the Publication Committee authorized to correspond with the members of the Council. It was agreed to submit to the Council the following

¹ Probably others present failed to register.

amendment to article VI, paragraph 2 of the Constitution :

“ Article VI, paragraph 2 of the Constitution shall be amended to read as follows : It shall elect the President, Vice-President, Secretary and Treasurer ; the President, the Secretary, the Treasurer, and the Chairman of the Publication Committee, together with three other members, to be elected by the Council, shall constitute an Executive Committee, with such powers as the Council may entrust to it ; provided, however, that the offices of Secretary and of Treasurer may be filled by one person, and that the offices of Vice-President and of elected member of the Executive Committee may be filled by one person.”

The second meeting of the Executive Committee was held in New York city, November 29th, to confer with representatives of the economic journals as to the future policy of this Association in the matter of its publications. A report will be made to this meeting on the results of this conference.

By vote of the Council, taken by mail, the Executive Committee was unanimously authorized to act as a committee on time and place, and to confer with a similar committee of the Historical Association.

During the present year 3 members of the Association died, 2 of them life members, 7 resigned, 18 were dropped for non-payment of dues ; of these last, doubtless, some had died, for it would appear to be but rarely in such cases that the Secretary is notified by friends, or members of the family, of the deceased. The total loss of members was 28. Two subscribers were lost. Since the last report 88 members have been added, one of whom was a life member, and 3 subscribers gained. One annual membership was

changed to a life membership. The net gain of members is 60; that of subscribers is 1, the total net gain being 61. At the date of the last report there were 950 members. The membership for the first time passes the thousand mark, being now 1011.

The publications have been much delayed during the year, greatly to the annoyance of the members, and adding appreciably to the burdens of the Secretary's office. The new Publication Committee entered upon its duties without any stock of manuscripts; and although copy enough was promised early in the year to provide completely, most of it was not available until almost the close of the year. Despite, therefore, the earnest efforts of the committee and the Secretary, No. 2 was not issued until October. Nos. 3 and 4 are now in the printers' hands. The total number of pages thus far published is 646, but the total number of pages for the year will approach 1100.

The Treasurer's account shows a balance of \$2,188.92, which appears to be several hundred dollars more than ever before at the date of the annual report. The lateness of the publications has delayed considerably the collection of dues which otherwise would swell the balance by several hundred dollars, while on the other hand printing bills for but three numbers have been paid during the current year.

The Secretary takes pleasure in reporting the evidences of continued and widening interest in the work of the Association that appears in many ways in the voluminous correspondence which comes to his hands.

Very respectfully submitted,

FRANK A. FETTER,
Secretary.

The report of the Treasurer was read and referred to the Auditing Committee.

TREASURER'S REPORT.

FRANK A. FETTER, Treas.,

*In account with the American Economic Association
for the year ending December 24, 1902.*

Debits.

Cash on hand from last report.....	\$ 1,522 42
Sales and subscriptions,	
The Macmillan Company.....	\$328 20
Secretary	390 66
	<hr/> 718 86
Reprints	56 07
Life members, dues (2).....	100 00
Annual dues.....	1,923 20

Credits.

Expense of publications.....	\$ 1,525 86
Expense of President's office.....	84 60
Expense of Sec. and Treas. office....	421 23
Expense of 14th annual meeting	99 94
Balance in cash.....	2,188 92
	<hr/>
	\$4,320 55 \$4,320 55

The amendment to article VI, section 2 of the Constitution, which had been referred to the Executive Committee and reported favorably, as noted above in the Secretary's report, was adopted unanimously by the Council and referred to the regular meeting of the Association in accordance with Article VII. (At the open meeting Monday afternoon, December 29th, the amendment was unanimously adopted.)

The report of the committee on time and place, made by President Seligman, in favor of holding the next meeting in New Orleans, in conjunction with the American Historical Association, was unanimously adopted.

Invitations were presented to the Association to meet

some time in the future at Berkeley, Calif.; Minneapolis, Minn.; Madison, Wis.; Indianapolis, Ind.; Evanston, Ill.; and Baltimore, Md.

On motion of A. W. Flux, authority was given to the Executive Committee to act as a committee on time and place, such authority to be continued until further notice by the Council.

On motion of J. C. Schwab, the President was authorized to appoint committees of the usual size on nominations, resolutions, and the auditing of the Treasurer's accounts. The following committees were appointed: on nominations, Ely, Carver, Daniels, Farnam, Flux, Plehn, W. G. L. Taylor; auditing committee, Durand, A. F. Weber, Pope; on resolutions, Seager, Ross, Gardner.

The adjourned meeting of the Council was given to a discussion of the policy as to publications. A motion was adopted looking toward coöperation with other agencies for the encouragement of scientific studies in economics, and one to appoint a committee to report on the feasibility of enlarging the field of the publications.

The third meeting of the Council was held in Houston Hall, Monday, December 29, at 10 A. M. The report of the nominating committee was as follows: President, E. R. A. Seligman; Vice-Presidents, W. W. Folwell, L. F. Ward, and F. W. Moore; Secretary and Treasurer, F. A. Fetter; elected members of the Executive Committee, C. J. Bullock, W. M. Daniels, W. Z. Ripley; members of the publication committee, D. R. Dewey and W. A. Scott. On motion, the Secretary was authorized to cast a single ballot for these nominations after the proposed amendment to the constitution should have been adopted in open meeting.

Members of the Council whose terms expired in 1903

were renominated. The following were nominated as new members of the Council with instructions that the Secretary distribute them by lot so as to equalize the three classes of the Council : Edward T. Peters, Worthy P. Sterns, William B. Bailey, Don C. Barrett, Thomas W. Page, Foy S. Baldwin, Vladimir Simkhovitch, Charles Beardsley, William H. Glasson, Morton A. Aldrich, J. Dorsey Forrest, Abram P. Andrew, and Charles W. Mixer.

The report of the auditing committee was presented as follows : The Auditing Committee appointed to audit the accounts of the Secretary and Treasurer of the American Economic Association for the year 1902 report that they have carefully examined the account books, bank book, and vouchers of the Secretary-Treasurer's office, and that they find them correct and satisfactory in every particular.

E. DANA DURAND,
ADNA F. WEBER,
JESSE E. POPE.

The following motion by E. D. Durand was carried : Moved that the Executive Committee be requested to consider the proposed appropriation for the investigation by the Library of Congress of comparative legislation, and, if it deems wise, to memorialize Congress in favor of this appropriation. The Council then adjourned.

RESOLUTIONS

The committee on resolutions made its report at the session of Monday afternoon, which was unanimously adopted, as follows :

Resolved, That the American Economic Association

desires to express its appreciation of the cordial reception extended to it at its Fifteenth Annual Meeting in the city of Philadelphia, and to thank the members of the local reception committee and especially Dr. Joseph Wharton, chairman, and Prof. L. S. Rowe, its secretary, the Provost, Trustees, and Faculties of the University of Pennsylvania, the President and Trustees of the Drexel Institute, the Boards of Managers of the Manufacturers' and University Clubs, the President Trustees of the Historical Society of Pennsylvania, J. G. Rosengarten, Esq., Trustee of the University of Pennsylvania, and Professor and Mrs. Lindley M. Keasbey, of Bryn Mawr College, for the many courtesies enjoyed by its members.

Resolved, That the Secretary be requested to transmit a copy of this resolution to the organizations and individuals named.

[Signed]

H. B. GARDNER,
E. A. ROSS,
H. R. SEAGER,
Committee.

PAPERS AND DISCUSSIONS

ECONOMICS AND SOCIAL PROGRESS

PRESIDENTIAL ADDRESS BY EDWIN R. A. SELIGMAN

Economic science is an outgrowth of economic conditions. It is a product of social unrest. From the earliest discussions of classical antiquity, from the first faint glimmer of truth in mediæval speculation, from the elaboration of complete systems of thought in the eighteenth century, down to the recent renaissance of scientific enquiry in the western hemisphere, each step forward in economic analysis has been the result of an attempt to unravel the tangled skein of actual conditions, and of an effort to solve the difficulties of the existing industrial society. Consciously or unconsciously the teleological element has presided at the birth and has accompanied the growth of all social speculation. "What ought to be" has ever been the spiritual father of "what is."

It is not intended, of course, to deny the existence of the independent search for truth for its own sake. On the contrary, in economics, as in every other scientific discipline, the highest flights of the intellect have been in the tenuous and serene atmosphere of pure reason, far above the turbid waves and windy surface of every day discussion. It would ill behoove the president of an association like this to say aught in disparagement of the fearless and unselfish quest for truth for its own sake. Amid this onward sweep of material progress and this tidal wave of mere brutal bigness which threatens to engulf us all, nothing is more needed than to cling to the

stake of principle and to hold fast to the sheet anchor of unprejudiced and undaunted conclusion. The so-called theorist has a heavy and often undeserved load to bear. The term is redolent of condescension ; it smacks of contempt. And yet, if the theory is what the word implies, if it is a real exposition, a true statement of the necessary relations between facts, then no matter by what method it has been reached, no matter how unlikely it may seem or how unwelcome it may be, it rests upon a bed of adamant and will endure forever. To seek such an explanation, to attain such a result needs not only the most unremitting ardor, but often the most intrepid resolution.

The point, however, that it is desired to emphasize here is that the facts of which an explanation is sought must be chosen with discrimination. If the facts themselves are really insignificant, the theory, no matter how true, cannot fail to be trivial. The minor writers on economics have, unfortunately, far too often dissipated their energies on such trivialities, and have, as a consequence, sunk to the depths of scholasticism and mere logomachy. If economics is to be of any real service, it must deal with the important phenomena of economic life. The great thinkers in our domain, however elevated their view, however recondite their processes of thought, have always stood on the firm foundation of basic social relations. To whatever extent, for instance, we may be tempted to disagree with the methods or the conclusions of Ricardo, there is no doubt that the problems which engaged his attention were entirely worthy of so acute and so profound a mind. However abstract the mode of treatment, however unfinished or fragmentary the results, however remote the argument from the habitual and narrow considerations of the market place,

the topics in which the great economists of the past delighted were of a vital and engrossing character, and constituted the real, though often hidden, core of the controversies of the day.

If, then, economic science finds its justification in the significance of economic facts, if it owes its origin and its fruitful development to the storm and stress of actual life and to the inharmonious play of social forces, it may be worth while to consider somewhat more closely the relations between economic thought and social progress.

In the first place we must emphasize anew the essential relativity of all economic thought and all political doctrine. The philosopher indeed loves to elaborate the eternal principles of order and harmony, and seeks to give all mundane things their fixed place in the cosmic scheme. With this the economist has no quarrel. His work is the less ambitious one of seeking to put various phases of the social activity of man in their due perspective, to estimate the real import of the economic motive in its actual working out amid the myriad manifestations of the social mind. In the narrower controversies as to the nature of economic law, the battle between absolutism and relativity has been virtually won. Most thinkers are now willing to concede that however accurate may be the conception of inviolable law and however legitimate may be the inclusion of economic principle in this category, the law holds good only so far as the conditions remain constant. With the perpetual change in at least some of the relations of social life, the economic law is often applicable only to the particular stage of industrial development, and becomes a provisional and relative, rather than an absolute, explanation. But while the principle of relativity is now

widely recognized, many implications of the older theory still survive, and continue to exert a baneful and constricting influence.

Take, for instance, the opinion either explicitly or implicitly shared by many of our thoughtful fellow citizens that this country has in some way a distinctive mission to perform, and that we are marked off from the rest of the world by certain inherent principles, relative indeed, in the sense of being peculiar to America, but eternal and immutable in their relation to ourselves. Now I certainly do not desire to depreciate the advantages of patriotism, or to impeach the unquestioned influence of nationality. Nations, like individuals, differ from each other in countless respects, and each has doubtless some peculiarity of endowment which is lacking in the other. Rivalry between nations, like competition between individuals, is an essential factor of all social progress. The friction of commercial and intellectual intercourse, notwithstanding the sanguinary struggles by which it has often been attended, has proved to be the most potent influence in generating and spreading the light of civilization. To disparage the facts and the force of nationality were futile indeed. And as with nationality, so with patriotism. Nations, like individuals, must respect themselves if they desire to be respected by others; and if they seek to accomplish anything enduring, they must have an ardent faith in their own strength and their own powers of progress. To minimize the value of patriotism and its abiding beneficence would be shortsighted in the extreme.

But how often are the claims of nationality pushed to an extravagant and unwarrantable length! We have indeed learned to put in their proper setting the conten-

tions of the "chosen peoples"; and we regard the attitude of the ancient Jews and of the classic Greeks toward gentile and barbarian respectively as the perfectly explicable, but none the less culpable, result of an overweening pride and vainglory, buttressed in the one case by the all-pervading power of religion, and in the other by the fanciful supports of ancestry. We can with difficulty repress a smile of amusement when confronted to-day by the rival demands of those mighty monarchs who still profess to rule by "the grace of God," and who are unwilling to submit their differences to the arbitrament of anything less than the "manifest destiny" of their own flesh and blood. We are even ready at the present time in the matter of international morality to concede that while there is a beam in the eyes of our neighbors, there may possibly be at all events a mote in our own.

When, however, we come to a consideration of economic phenomena and their influence on our social and political fact and theory, we do not recognize that we have been largely living in a fool's paradise. We think with complacency that there is something inherent in our democracy; we look back upon the achievements of our colonial struggles as the obvious consequence of the Puritan character; we congratulate ourselves upon our love of liberty, our inventive ingenuity, our unexampled prosperity. What we do not see is the essential relativity of all these phenomena, the dependence of them all on the shifting conditions of time and place.

New England indeed developed its democracy and its town meeting. But the town meeting had its prototype in the woods of Germany, on the steppes of Asia, and in fact in all primitive assemblages; while the democracy was the result, not of the Puritan ancestry, but of the

economic conditions. The Puritans had nothing to do with the beginnings of democracy in the mediæval communes, or with its development amid the Alps of Switzerland or the dunes of Holland; and the same Puritans were unable to put on a firm foundation at home the democracy which they easily established in the new world. So it is with the love of liberty and individualism. Liberty is always the concomitant of economic equality, or at all events of the equality of economic opportunity. When this equality was almost from the outset excluded, as in the South through the pressure of an economic environment based on an abundance of free soil, well suited to an extensive and quasi-tropical tillage, the result was a disappearance of liberty for all but the governing class. It took but a few generations for the sturdy and liberty-loving patriots of England and Scotland to become sincere and devoted believers in the necessity and the beneficence of slavery.

The so-called Anglo-Saxon love of liberty went the way of the old Roman boast of freedom when the world conquests, with their supply of fresh land, made slavery an economically profitable system. What a ghastly mockery that the proud assertion in our Declaration of Independence as to all men being born equal and with the natural right to liberty should be signed by so large a proportion of slaveholders!

And what shall we say of the boasted Anglo-Saxon individualism? How does it happen that the Englishman, leaving his moist and fertile home for the arid and barren wastes of the antipodes, becomes, if not a socialist, at all events the next remove to one? Why is it that in Australia we find the government railroads, and the government insurance, and the government steamship, and the government frozen meat industry, and the

dozen other examples of government activity which would be greeted with dismay in the mother country? Is it not clear that the individualist theory in America is the product of definite economic conditions in the nineteenth century? What careful interpreter of American history does not know that the arduous struggles with a rebellious soil and an inhospitable climate caused the American of a century ago to turn to government whenever he thought he might secure help? State roads, state canals, state railroads, state bounties, state enterprises of all kinds suited to the needs of the settlers were the order of the day. But when the mountains had been crossed and the fertile valleys of the Middle West had been reached, there came a wondrous change. Conscious of their new opportunities, the citizens now desired only to be left alone in their quest for prosperity. Private initiative replaced government assistance, and the age of corporations was ushered in. Insensibly the theory of governmental functions changed, and the doctrine of *laissez faire* carried all before it. Never before and in no other country did the theory of individualism take such hold of an entire people, because never before had the economic conditions been quite so favorable.

And at the same time individualism was reinforced by democracy. Colonial New England was indeed a democracy; but toward the end, owing to a changing economic environment, we notice the traces of an aristocratic development, culminating here and there in the dependence of suffrage itself on property qualifications. But now the broad plains and fruitful valleys of the Middle West, amid which slavery was economically unprofitable, and therefore politically impossible, produced an environment so favorable to democracy that its influence

soon spread throughout the entire North. It was this combination of democracy and individualism which slowly became strong enough in its economic basis to throw down the gauntlet to the opposite economic system of the South, and finally to emerge victoriously from the contest.

With the unification of the system and the supervening change of economic conditions, the content of our democracy is changing and the theory of extreme individualism is passing away.

Do you not see, then, that there is nothing inherent in the fundamental characteristics of our Puritan past? Do you not recognize the fact that the history of colonial New England is but an episode in the drama of humanity, a mere interlude in the play of society? Its strength and weakness alike are the results of a contact between a fairly civilized mental attitude and a primitive economic environment. In such a contact the environment in the long run becomes the potent factor. American history, therefore, has been the history of national infancy. To predict a future which shall be a necessary development from our early past would be as childish as to explain the conditions of Roman imperialism from the facts of the pre-republican age. While the stubborn racial characteristics must indeed not be overlooked, the American of the future will bear but little resemblance to the American of the past. To forecast the coming social transformation in our country without bearing in mind the fundamental change in the economic conditions were puerile indeed. Relativity, not absolutism; change, not permanence, is the watchword of all social, political, and ethical progress.

An economic analysis based on changing conditions is therefore of the utmost possible service. And if con-

ducted skillfully it would, I feel convinced, bid us be of good cheer and help us face the future with hope and confidence. The fundamental problem connected with social development is after all this: Whither are we tending? What lessons have an economic interpretation of the past and of the present to teach us in our guidance for the future? What are the forces that are making for progress or retrogression?

There is no blinking the fact that many give a pessimistic answer to these queries. They call attention to the increase of luxury and of materialism. They look with suspicion upon what they term the growing plutocracy and the new feudalism. They point to the warning example of the oriental monarchies of classic Greece and Rome, and tell us that in our case, too, the period of unquestioned prosperity which is now upon us will inevitably be followed by one of decay and final dissolution. What has been, will be. There is nothing new in human affairs.

I venture to affirm, however, that a more discriminating study would disclose the existence of several factors inattention to which is largely responsible for this gloomy and despondent attitude, and that, on the contrary, the outlook is not dark, but promising indeed.

Without attempting in this place the impossible task of a complete analysis, I venture to call your attention to six points which differentiate modern industrial society from all its predecessors. These are: first, the practical exhaustion of free land; second, the predominance of industrial capital; third, the application of scientific methods; fourth, the existence of a competitive régime based on the newer conception of liberty; fifth, the spread of education and the birth of a distinct public opinion; sixth, a true democratic spirit and the

growth of a new idealism. What is the real import of these factors?

First, the virtual disappearance of free land. This makes slavery forever impossible in the future. Recent investigations have proved beyond the peradventure of a doubt that slavery as a typical economic system is ascribable to the existence of vast quantities of untilled tracts suitable for agriculture. Where any one can procure fresh land for nothing, he will not readily work for another; and when the soil is so exuberantly fertile that it can endure the wastefulness of slave cultivation, compulsory and not voluntary labor will be the dominant characteristic of the production. Slavery did not become important in Greece until the colonies yielded vast stretches of virgin land; the yeoman farmer in Rome did not disappear until the world conquests of the later republic threw into the market such prodigious supplies of new territory as to make slave labor on the large estates lucrative. It was precisely the same cause that produced slavery in the West Indies and on the American continent. Those days, however, have gone, never to return. Fresh supplies of that kind of land are with insignificant exceptions no longer procurable. The older countries are quite filled up, and in the newer sections conditions are unfavorable. In both Australia and Siberia the climate is inimical to slavery. In South America the pampas are the home of a grazing rather than of an agricultural community, and it is well known that the flock tending and herding life is not conducive to slavery on a large scale; on the other hand, the agricultural regions of South America have realized that slave production is inadequate to meet the competition of free labor in the world market where their products are sold. It is only in the mining districts of South

Africa and in the tropical islands of Asia that the conditions are still favorable to slavery. Were they to form so controlling a part of the empire as in former days in the colonies of Greece and Rome, the present struggle in England, Holland, Germany, and the United States to solve the labor problem in the dependencies without recourse to compulsion would be far less likely of accomplishment. It is because the entirely different economic systems and consequent social ethics of the mother countries are now the potent factors in the world that we can confidently look forward to the speedy passing of slavery in every part of the globe. Morality, indeed, is doing its noble work, but at bottom lies the disappearance of free land.

Secondly, the predominance of industrial capital. Some thinkers, from Phaleas of old to the Henry George and Loria of to-day, ascribe all our social troubles to landed conditions. Others, like Demolins in France and Brooks Adams at home, tell us that the commercial route is the secret of prosperity and decadence. There is a certain degree of truth in each of these contentions as an explanation of the past. Both classes of thinkers, however, fail to recognize the essential changes brought about by modern industrialism. The conditions of landholding undoubtedly played a dominant rôle in Rome, as they did in feudal Europe and colonial America. The control of the trade routes was assuredly the chief factor in the rise and fall of the oriental monarchies, of the Greek city states, of the Italian and German towns, of Portugal and Spain. But why is this? Clearly because of the absence of industrial capital. In the one case the economic system was based on the ascendancy of land as a factor in production; in the other case on the equal or even superior force of commercial capital.

In the strict scientific sense, capital has indeed existed from the time of the first hunter's bow and arrow. But for practical purposes and for real aid in solving actual problems, the common man is perfectly justified in calling this the capitalistic age, just as Karl Marx was entirely correct in employing the word "capital" to describe the essential modern phenomenon. The economist calls attention to the fact that capital in the generic sense may be put into land, into trade, or into industry; but to the interpreter of social forces the typical form of capital to-day is industrial capital, as in feudal times it was landed capital, and as in so many civilizations of old it was trade capital. We have only lately been reminded that classic Greece, for instance, had its beginnings, its middle ages, and its modern times. But in ancient Greece, even at the height of its power, slave labor was the chief factor in production, and industry was predominantly of the small, non-capitalistic type. Again, the mediæval guild system of industry was in almost every respect a contrast to our modern régime. The land problem is no doubt still important in a country like ours where seventy per cent of the exports are agricultural; the commercial problem is still important in a country like ours which is seeking to secure its share in the trade of the newly opened Orient. But were we to read the signs aright, we should realize that in our case, as in that of all our great competitors, the secret of ultimate success is to be sought, not in the land question, not in our trade relations, but in the fundamental conditions of industrial enterprise at home. Industrial capital as distinct from agricultural or commercial capital is a product of modern times; it has never before existed as the tone-giving element of society; it is destined to produce very different conse-

quences. Agricultural capital and commercial capital have been responsible for the landed and trading aristocracies of the past; industrial capital correctly analyzed and rightly controlled means not industrial aristocracy, but industrial democracy.

Thirdly, and intimately connected with what had just been said, is the modern application of scientific methods to industry. We speak glibly of the recent progress of science, but few realize the true import of this growing subjection of nature to man, and of the revolutionary character of this harnessing of the powers of the universe to the yoke of the human intellect. For one thing it has made possible an almost limitless increase in production. Landed capital, under the non-scientific methods of the past, was able to go so far and no farther. Even when extensive methods of agriculture were replaced by the intensive systems, the operation of the law of diminishing returns soon made itself felt, and marked a limit beyond which advance was impossible. The advent of commercial capital indeed increased prosperity, and to the extent that exchange is really a phase of production augmented the productive power of the world. But here again its efficiency was limited within narrow bounds. Creating new values simply by the bartering of existing values, the pyramid of wealth rested on the basis of the actual production within each community, and could not be piled up beyond a certain height. But with modern industrial capital and the snatching from nature of her intimate secrets, the utilization of natural resources within each country has become almost boundless, and provides an ever broadening base for the benefits of trade and commerce.

It is for this reason that the history of the world in the future is to be so different from the past. In former

times, after a certain point had been reached in agriculture and commerce, human ingenuity was powerless to do more than divide existing wealth; and with this fixed limit to production, it is no wonder that each civilization in turn should have attempted to secure the prize for itself. Hence the rise, the glory, and the decline of nations. In future, however, in lieu of dividing existing wealth, each nation which lives up to its opportunities will be able to create new wealth. For we must not forget that science is not only boundless in its possibilities, but impartial in its activities. Science transcends all national lines. Never again will a country be able to achieve or to retain a monopoly of industrial advantages. For the time being, indeed, climatic conditions or racial characteristics may give one nation a temporary preponderance in some particular category of production; but with the overwhelming importance of new industrial methods applicable impartially to all natural forces, the advantage cannot be permanently retained.

We are accustomed to speak of the economic and social changes brought about by the alteration in the media of transportation and the growth of the world market; we do not yet realize the full implication of the industrial revolution. Rightly conceived it means the coming internationalism of mighty empires, in friendly competition with each other, not for the division of what exists, but for the utilization of what can be made to exist. For the immediate future, indeed, while nations are still in unequally developed stages of industrial growth and while there remains extended markets not yet on the highroad to industrial predominance, there will still be some room for the nationalism of the old type with its protective features and its commercial struggles. In these contests we must undoubtedly take

our part. But with every decade's progress in science the conditions will change, and the old nationalism of exclusiveness will melt into the new cosmopolitanism based upon the continual progress of each great and economically homogeneous community.

The fourth characteristic of the modern age is the development of the competitive régime. This needs but little more than a mention. Several of the former presidents of this Association have made you familiar with the real meaning of competition. They have pointed out that a competition of the right kind is a necessity to social progress—that progress consists not in doing away with competition but in raising it to a higher plane; not in suppressing it, but in preserving and extending it, while substituting a loyal for a disloyal rivalry. What often seems to be the crushing of competition is in reality the replacing of a lower by a higher form. The trade-union movement, for instance, with the progress from individual to collective bargaining, seems from one point of view to lessen competition, but no one who understands the real philosophy of the movement can doubt for a moment that on the whole it makes for a truer and more perfect competition based on the equality of the contending forces. The trust seems to be the very negation of competition, and yet if the conditions of loyal and healthy enterprise are insisted upon, and the trust be not permitted to take advantage of a legal code lagging behind the economic development, the net results of the movement may well prove to be the sloughing off of the evils of a lower competition and the attainment of a higher form of emulation.

It is precisely here that the force of the fifth factor becomes apparent, the emergence of a true public

opinion to bolster up this demand for the retention and strengthening of the right kind of competition. In antiquity political and social opinion was a class opinion. In the middle ages the incoherent public opinion was intolerant to competition. In modern times the progress of economic thought and the pressure of economic fact in uplifting the hitherto submerged classes of the community are generating a public opinion which frankly recognizes the benefits of a healthy competition, but which insists more and more on effective social control of competition to the end that it be elevated and purified.

This is the true meaning of the sixth point of difference,—the flower and the fruit of all its forerunners,—the existence of the democratic ideal. We point, indeed, with complacency to the advance made by the working classes, but to those who realize the essential conditions of successful democracy, where the mass of citizens are necessarily the laborers, the ideal to be attained advances still more quickly than the actual progress. The brutish, lethargic peasant of the old world is content with his crust and his misery. The free citizen of our industrial democracy wants, and wants justly, to participate in the spiritual as well as the material benefits of modern civilization. With every advance in his economic position, due to the interplay of modern industrial forces, new vistas of possibilities disclose themselves, new sources of legitimate satisfaction make their appearance. The social unrest of to-day, with all its disquieting and deplorable incidents, is on the whole a salutary symptom. It is but the labor-pains in the birth of the new industrial order which has been in the making for the past few generations, and of which the faint outlines are even now discernible.

A study of the economic forces now at work thus justifies a reasonable hopefulness. The productive powers of society are augmenting at such a prodigious rate that we need no longer apprehend a decay of general prosperity or of natural power. There is to be no further irruption of the barbarian, because there will soon be no more barbarians. There is to be no swinging back of the pendulum of civilization, because under the influence of the new economic forces only those nations can succeed that understand how to utilize industrial capital, and this comprehension implies an ever ascending stage of civilization. There is to be no domination of each nation in turn over all the others, because of the internationality of science and the impartial territorial diffusion of industrial agencies. And within each nation, while the rich are getting richer, the poor are not getting poorer. The creation of a more equable, because a more perfect, competition through the development of the system of collective bargaining and the more adequate supervision of monopoly; the recognition on the part of the legislator that lasting prosperity depends not only on the conservation and free play of capital but on the gradual elevation of the laborer from a cheap man to a dear man; the coming social control of competition itself in the interests of a more enlightened and hence really freer rivalry,—all these will inevitably tend to secure to each class in the community its proper share in the national dividend.

This is not fatalism. This is not the preaching of "hands off." Far from it! Man is a product of history, but history is made by man. Modern economic forces indeed provide new opportunities for all. But whether the correct use be made of the opportunities depends on the wisdom, the energy, the capacity of each individual,

of each social class, of each community. The economic life is the basis of social progress, but the economic environment which conditions this life is fast becoming an artificially created environment. In the creation of this environment there is a continually growing sphere for the conscious activity of the social group. With the subordination of the individual to the social interest, to the advantage of individual and society alike, there is an ever enlarging field and ever more pressing need for the wise regulation which will ensure a more even, a more equable, and a more harmonious development.

Economic theory, therefore, has a progressively important rôle to play in the future. With the commanding significance of the economic life in its influence on social progress, economics, in pointing out exactly what is, will inevitably concern itself with what ought to be. If the economist is the real philosopher of social life, he will take a more notable part in future speculation and future legislation. The different social classes, by reason of their very being, see only the particular, not the general interests. The farmer understands the workings of Wall Street and the factory hand comprehends the condition of the world market as little as the capitalist realizes the true ideals of the laborer. To let any one class act as spokesman for the other is pregnant with danger. The economist, if he is worthy of his calling, will proceed without fear or favor; he will be tabooed as a socialist by some, as a minion of capital by others, as a theorist by more; but if he preserves his clearness of vision, his openness of mind, his devotion to truth, and his sanity of judgment, the deference paid to his views, which is even now beginning to be apparent in this country, will become more and more pronounced. The influence of economic

conditions on economic theory has been, let us hope, abundantly demonstrated ; but the reciprocal influence of economic theory on actual conditions is in danger of being overlooked. For as the science itself becomes more and more complete, it alone will be in a better position to apprehend and to explain the real content of existing conditions and the true method of making the actual conform to the ideal. Natural science necessarily moves within the framework of natural forces, but he who runs may read the lesson of the control of these same natural forces through modern scientific achievements. So in the same way economic science, which is to-day only in its infancy, and which of all disciplines is the most difficult and the most complicated, is indeed interlaced with and founded upon the actual conditions of the time ; but, like natural science, the economics of the future will enable us to comprehend the living forces at work, and by comprehending will put us in a position to control them and to mould them to ever higher uses. Economics is therefore both the creature and the creator. It is the creature of the past ; it is the creator of the future. Correctly conceived, adequately outlined, fearlessly developed, it is the prop of ethical upbuilding, it is the basis of social progress.

NATIONAL REGULATION OF RAILWAYS

CHARLES A. PROUTY

I am asked to prepare a paper upon national regulation of railways in the United States. There is none. There is state regulation to some extent, and national supervision which is of value. Regulation implies control; and there is and can be no control by the government over interstate transportation until some method is adopted to supervise and correct railway rates. It is to this proposition that I invite your attention.

Five years ago the crying evil in railway operations was discrimination, mainly discrimination between individual shippers. While many rates were too high, the general level was low; and in view of competitive conditions which had for some time and then existed, little apprehension was felt of any general unreasonable advance. Not so to-day. The vast consolidations of the past few years; the use of injunction to prevent departures from the published tariff; the lesson which railroad operators themselves have learned, that competition in rates is always suicidal, since it does not increase traffic and does reduce revenues,—these have largely eliminated that competition. The discrimination is disappearing, but in its place comes that other danger which always attends monopoly, the exaction of an unreasonable charge.

As the formation of these combinations has proceeded, the public has been repeatedly assured that there was no danger of any advance in freight rates. The absurdity of this has been evident from the first to all thinking

men, and is at last becoming patent to the unthinking. Less than one year ago Mr. Harriman, in testifying before the Interstate Commerce Commission as to the unification of interest in transcontinental lines, stated that the tendency of such consolidations was not to advance, but rather to reduce rates. Within the month the vice-president and chief traffic officer of another transcontinental line has declared in a published interview that all rates west of the Missouri River must be advanced 10 per cent, and to the same purport is the general utterance of railway authority elsewhere.

Louder than words speaks the thing done. In the winter of 1899 the grain rate from the Mississippi River to New York fell to 12 cents per 100 pounds; to-day it is 22 $\frac{1}{2}$ cents. During the summer of 1902 the cost of carrying corn from the Middle West to the seaboard increased from 10 to 20 per cent over what it had been the previous season. Within this present month advances in grain rates have been put into effect which amount in all directions from 2 to 5 cents per 100 pounds, and these advances can now be made and maintained because the competition which formerly prevented has been placed under restraint.

Few people appreciate the significance of these slight increases. While almost nothing as applied to a single hundred weight, they are enormous in the aggregate. On the 1st of January the rate on grain from Buffalo to the seaboard and corresponding points is to be raised one cent per bushel. This slight advance, as applied to the average quantity of grain moving through Buffalo for the last ten years, would amount to \$1,500,000 annually. The Interstate Commerce Commission has just decided, after extended investigation, that a recent advance in rates on hay was unjustifiable and that the rate

should be restored. No attention has been or will be paid to this decision, since there is no way in which it can be enforced ; but let it be noted that the testimony in that proceeding shows that this increase costs producer and consumer in the territory to which it applies approximately \$2,000,000 annually. There are now pending before that Commission complaints for investigation which demand reductions aggregating perhaps \$15,000,000 annually—equal, upon a 4 per cent basis, to a capitalization of about \$400,000,000—nearly the railway capital of all the railroads of New England.

A still more important inquiry to the economic student of this subject is, Who pays these vast amounts and to whom are they paid? By way of answer to this we may consider the anthracite coal situation.

Within the last three years some sort of combination or arrangement between the six or seven railroads which carry from the mine all the anthracite coal in the United States has been effected by which competition, both in the mining and in the carrying, has been practically eliminated. The effect of this had been, before the breaking out of the last strike, to increase the price of this commodity in domestic sizes to the consumer from fifty cents to one dollar per ton, often more. At the same time, from July, 1898 to July, 1902, the stock of the Reading road alone, the largest coal mining and coal carrying factor, increased in value \$45,000,000—about 300 per cent. The present rate on anthracite coal from the mine to Washington, a distance of 240 miles, is \$2.00 per ton. Bituminous coal is carried corresponding distances in the West for \$1.00 per ton. Complaint is made that the rates now charged by these anthracite coal roads are extravagantly high in all directions. Without expressing any opinion that this is the case,

let us assume for a moment that the rate from the mine to the consumer is 50 cents a ton too great. About 50,000,000 tons are produced and marketed annually, and upon that theory someone is paying \$25,000,000 more than ought legitimately to be exacted. Who is that "somebody"?

Plainly it is not the producer, for the coal is sold f. o. b. at the mines, and the greater part of it is sold by the railways themselves. Equally plain is it that the buyer of that coal, the local dealer, does not suffer from the extravagant freight charge, for although he pays the money in the first instance, he adds his freight to the cost of his coal. Indubitably the consumer pays this charge. And who are the consumers of anthracite? The whole body of the people. It is the poor man's fuel; if by chance it is used to generate power for the movement of an electric train, still the poor man for the most part patronizes that train. This excessive tax in the ultimate analysis is paid largely by the poverty of this country.

And to whom is it paid? To the owners of railway stock, and they, generally speaking, are the rich and the very rich members of society. Many railway stocks are widely distributed. The cause of the widows and the orphans who own them is often touchingly presented by the attorneys of these railway operators; but, speaking generally, those stocks which profit by these combinations, by the excessive rates which these combinations can impose and maintain, are owned by the excessively wealthy. The widows and the orphans obtained but a small share of the \$45,000,000 which the manipulators of the common stocks of the Reading road have made.

All this is no reason why railway property should be treated unjustly. It simply shows that the railway, the

railway combination, is one of the most subtle and dangerous instrumentalities in effecting an unjust distribution of wealth by taking from the poor man wrongfully and giving to the rich.

Put alongside this the fact that these combinations have been effected and that this tax is imposed by *quasi* public servants, by corporations in the discharge of a public function and endowed by the government with extraordinary privileges in the discharge of that function. Read the words of that great constitutional lawyer, Mr. Justice Bradley, in speaking of the right to control railway charges: "But a superintending power over the highways and the charges imposed upon the public for their use always remains in the government. This is not only its indefeasible right, but is necessary for the protection of the people against extortion and abuse."

Let it be further noticed that the remedies for monopoly which are just now occupying the public attention have been already tried here and failed. The act to regulate commerce insures the widest publicity for all the operations of railways, but that has not and cannot prevent the imposition of unreasonable rates. Some years ago the Supreme Court of the United States decided that the Sherman Anti-Trust Law applied to the operations of inter-state railways, and forbade all agreements between them for the establishment or maintenance of rates. It was believed at the time that this was a deliverance from railway monopoly. Its only effect so far has been to intensify that monopoly.

Mr. Harriman, in his testimony previously referred to, suggested that the public was protected by the fact that any shipper could sue and recover what he had paid beyond a reasonable rate. Apply this to the coal situation. The dealer pays the freight, but he will not sue,

for he can recoup himself from his customer. The consumer himself cannot sue, for he pays no freight ; but even if he could, what remedy would be afforded by the right of each individual to recover at the end of a lawsuit from two to fifteen dollars per year ?

To-day with respect to interstate transportation, and that is the great body of all transportation, the public has no safeguard against railway monopoly. It should have, and there can be but one. In some manner just to all parties the government must exercise its right to supervise the rate, must compel these carriers to impose in the first instance a reasonable charge. The real question is, By what means shall this be accomplished ?

It cannot be done through the courts. The functions of our government are divided into the executive, the legislative, and the judicial, and these functions must, under the Constitution, be kept separate. The Supreme Court of the United States has determined that the prescribing of a railway rate for the future is not a judicial function and cannot be discharged by the courts ; that it is legislative and must be exercised either by the legislature directly or by some commission created by the legislature. It will hardly be suggested that Congress could directly supervise the interstate railway rates of this country. Hence the only practical method is by the use of a commission. I am not discussing now the powers of the Interstate Commerce Commission. There is too little of that power to admit of intelligent discussion. I wish rather to inquire what should be done if no such body were in existence.

Such a commission should not make interstate railway rates. So long as railways are private property they should have the right to name their rates in the first instance, to determine what competitive conditions they

will meet, what industries they will foster, what will be, in general, the policy of the road. When those rates have once been made the government should inquire whether they are just and reasonable, and if found unjust and unreasonable should change them.

Such a tribunal is not a court. The court is for the trial of causes. A commission should go further and investigate as well. In court the plaintiff presents his complaint, the defendant makes his answer, the parties produce their proofs, and the judge and jury hear them and decide the issue. That issue usually concerns only the immediate parties to the trial. Not so with these rate questions. They almost invariably touch the whole community as well as some individual complainant, and it is unreasonable to expect that a single individual will sustain the burden of prosecution for the benefit of all. Look once more at our coal rate. The number of dollars which this excessive charge would take from the ordinary consumer is insignificant ; but the issue to the carrier is of enormous consequence, and would be bitterly contested. Is it reasonable to expect that a single consumer will bear the burden of litigating that question, first before a commission, then before some appellate body, and finally before the Supreme Court of the United States? It is clear to my mind that the government itself, which represents the whole public, should assume the burden of that trial. The commission must be, in a way, both an investigating and a deciding body.

Note another most important difference. A court administers the law as it is laid down in statute or in precedent, the jury decides the fact upon the testimony of witnesses. Not so the commission. Here is no precedent to be administered. No dispute generally arises as to the facts. The question is, What under these ad-

mitted conditions shall be done? and this question is largely one of judgment.

Such a commission should be an expert body, composed of the best men obtainable, and occupied entirely in the consideration of such matters. It should obtain the fullest possible information. It should hear all any one desires to say, but when this has been done its conclusion must still rest in the good judgment of its members. Its decision is the act of an expert body; and just in proportion as the members of that body have had experience, just in proportion as they are men of honest, mature, and independent judgment, so is that decision of value.

There can be little difference of opinion up to this point. The really difficult question is, How shall the orders of the commission be reviewed and enforced? The railway rate is private property. Any unjust reduction of that rate is an unjust taking of private property. The railway industry is with but one exception the largest industry, and without exception the most important industry in our country. Any unjust interference with it, or any unreasonable embarrassment of it, would be both wrong and foolish. A commission like that suggested, which is at once an investigating and a deciding body, may be to an extent partisan. The questions passed upon are of tremendous importance. Some method ought to exist by which possible mistakes upon its part could be corrected.

Such security is already provided to an extent by the Constitution of the United States. The Supreme Court has held that the fourteenth amendment prohibits upon the part of a state (it would probably be the same in the case of the United States) the putting in by the government of a rate so low as to deprive the holders of rail-

way securities of their property without just compensation ; and this clearly prevents the possibility of imposing such rates as amount to a practical confiscation of property. However, there might be rank injustice far short of confiscation ; and while this remedy may, under future construction by the court, turn out to be an adequate one, the general feeling is that some additional protection should be provided.

The court cannot prescribe a rate for the future, but it may determine whether that rate, when fixed, is reasonable ; and the suggestion hitherto has been to permit the federal courts to review and set aside, if found unreasonable, the orders of the commission. It is very doubtful whether any such system can ever give satisfactory results, for the reason already stated. These questions are not of a judicial nature, and cannot be intelligently passed upon by courts. Federal judges are not selected for that purpose. Most of them have absolutely no experience in such matters. Their time is fully occupied with their proper duties, and the very nature of those duties in a measure unfits them to appreciate these questions. As well might it be provided that courts shall enforce the laws enacted by Congress, if such laws are, in their judgment, reasonable and just. When the English government had under consideration some method of regulating its railways, Parliament addressed to the judges of last resort an inquiry as to whether that duty could be properly undertaken by the courts, to which all but one responded in the negative. It is my belief, founded on experience and reflection, that any system of regulation, however excellent in other respects, which gives the federal courts power to suspend and finally set aside the orders of a commission must be of doubtful value.

For these reasons it has long seemed to me that we must create a new tribunal, in the nature of a commerce court, to deal specially with these questions—a tribunal with judicial attributes, but discharging the combined functions of court and commission, as does the English Railway Commission to-day. Some scheme of this nature appears to furnish the only rational solution of this difficult problem.

First. Whatever body enforces the orders of a commission must make decrees and execute process. A commission itself cannot be invested with these powers; the special court suggested could be.

Second. A commission whose members hold office for limited terms is not permanent in its personnel, and might be subject to influences of a sectional or political nature. This is often suggested as a reason why the great power involved in the right to control railway rates should not be given to such a body. The members of a tribunal like that suggested would hold office for life, would possess all the conservatism and independence of judges, and would afford to railway property the protection thereby assured.

Third. The main objection to intrusting this duty to the present courts is that the questions involved are not properly law questions. The thing to be reviewed is the judgment of an expert *quasi* legislative body. The review of such a judgment is not a judicial function. The attempt to make it one must result in dissatisfaction and confusion. A court like that suggested would be occupied mainly in the consideration of such matters, and would become even more familiar with them than the commission itself.

Fourth. Such a court would be able to act promptly; and this is the essence of regulation, especially railway

regulation. These are not lawsuits, where interest or increased damages can make good to a plaintiff the lapse of time. When the wrong has been once inflicted it never can be righted. If there were no other reason for not committing this task to the present courts, the interminable delays attendant upon that mode of procedure would be a sufficient one.

It may be objected that such a court would not be sufficiently occupied. My own impression is that after a little it would be. A commission charged with regulation of the interstate railway traffic of this country and having any real power to make enforceable orders would necessarily render very many decisions. The duties of a commerce court would not, however, be confined to reviewing and enforcing such orders. Matters arise daily which can only be properly dealt with through the summary process of a court. Such a tribunal might also be available in dealing with monopoly in other branches of interstate commerce as well as railway transportation.

What I desire to emphasize, however, is not the method, but the fact that in some way the government must determine whether railway charges are reasonable, and if not, make them reasonable. And in conclusion let me ask what objection can be urged against this proposition? Various objections are urged, depending largely upon the audience to which those objections are addressed.

It is said, for instance, that these questions will settle themselves; that in the grand march of human progress these things will somehow all come out right. Just what right may be, or just why the future is to be more nearly right than the present, or for what reason a thing which is wrong should not be corrected now, is *not*

stated. Sometime since I fell into conversation with a distinguished apostle of this doctrine. He is a great student of the railroad problem, upon the railroad side, and a most voluminous writer upon that side. After some discussion, in the course of which he admitted the existence of many evils, I said to him, "Doctor, you admit that these evils do exist; now what is your remedy?"

"Sir," replied the Doctor, "I rely upon the *interaction of the correlated forces*."

Good! If the coal combine squeezes you, turn on the forces, and be certain they are correlated.

It is also said that the making of a rate is a matter of such delicacy that only the expert traffic manager can deal with it. One would almost fancy that freight rates were made as birds build their nests,—by instinct,—and that the entire quantity of rate-making instinct was already monopolized by the railways. Very recently one of these gentlemen testified before the Interstate Commerce Commission that in his opinion all rates were too low. The last annual report of his company shows that it earned during the year ending June 30, 1902, interest upon its funded debt, a dividend of 7 per cent upon its preferred stock, and nearly 12 per cent upon its common stock, although it paid only 6. I cheerfully concede the distinguished ability of that gentleman. I do not concede that whether the territory served by the 7000 miles of railway over whose traffic operations he presides shall pay 12 per cent or 25 per cent to his stockholders must rest entirely in his judgment.

It is urged that the self-interest of the railway is a sufficient protection to the shipper; that in order to provide traffic the interest of the carrier requires it to establish and foster industries. To an extent this is true, and

for that reason I have already said that the railway should be allowed in the first instance to name its own rate; but the same self-interest which induces that carrier to establish the industry at first induces it to take the last penny possible when established. Self-interest should be allowed free play until it becomes rapacity; then it must be checked.

It is earnestly insisted that the freight rate is a commercial proposition which must be left to the laws of commerce, with which the government cannot safely meddle. You will remember that the carriers have recently advanced rates on grain and grain products in all directions, among others $2\frac{1}{2}$ cents from Chicago to New York. Some two weeks ago the Commission began an investigation into that matter, and examined two witnesses, both traffic managers of leading lines. One said that he made the advance because his president directed him to, the other because he was told by his executive officers that they must have more money. The only commercial proposition at the bottom of these advances is the proposition that the producers and consumers of grain shall pay to the stockholders of these railways several millions of dollars more annually than has hitherto been paid.

It all comes to this: Railway transportation is to-day a monopoly. This you cannot prevent. You can control the monopoly by controlling the charge which it exacts. This should be done wisely and carefully, but it must be done.

LEGISLATIVE REGULATION OF RAILROAD RATES

WALKER D. HINES

It is my purpose to discuss merely the question of enlarging the powers of the Interstate Commerce Commission by giving it the power to make rates and regulations for the movement of interstate traffic.

The agitation for this additional power began when the Supreme Court decided the so-called Maximum Rate Case on May 24, 1897.¹ In that case the Commission had undertaken to prescribe maximum rates, very much less than existing rates, for the transportation of several thousand articles of commerce from Cincinnati and Chicago to the principal cities of the South, and had directed that rates to other points in the South should be correspondingly reduced. If these rates had become effective, the result would have been radical reductions in the rates on practically all south-bound business east of the Mississippi River; in other words, upon a very large percentage of the entire interstate traffic of the United States. The Supreme Court in an elaborate opinion pointed out that if such a power existed the Commission could, if it chose, change every interstate rate in the United States in a single proceeding; or, in other words, that it would necessarily have the general rate-making power. The court said that the power itself was so vast and comprehensive, so largely affecting the rights of the carrier and shipper, as well as indirectly all commercial transactions, and was a power of such supreme delicacy and importance, that it could only be

¹ 167 U. S. 479.

granted by clear and express language; and decided that Congress had not only not granted the power, but that such a power was inconsistent with the terms of the Interstate Commerce Act, and was a radical departure from the scheme of regulation which Congress had provided. The court was careful to point out that its decision in no way impaired the purposes of the act or the functions of the Commission. On this point it said :

But has the Commission no functions to perform in respect to the matter of rates; no power to make any inquiry with respect thereto? Unquestionably it has, and most important duties in respect to this matter. It is charged with the general duty of inquiring as to the management of the business of railroad companies, and to keep itself informed as to the manner in which the same is conducted, and has the right to compel complete and full information as to the manner in which such carriers are transacting their business. And with this knowledge it is charged with the duty of seeing that there is no violation of the long and short haul clause; that there is no discrimination between individual shippers, and that nothing is done by rebate or any other device to give preference to one as against another; that no undue preferences are given to one place or places, or individual or class of individuals, but that in all things that equality of right, which is the great purpose of the Interstate Commerce Act, shall be secured to all shippers. It must also see that the publicity which is required by Section 6 is observed by the railroad companies. Holding the railroad companies to strict compliance with all these statutory provisions and enforcing obedience to all these provisions tends, as observed by Commissioner Cooley, in *in re Chicago, St. Paul and Kansas City Railway*, 2 Int. Com. Com. Rep. 231, 261, to both reasonableness and equality of rate as contemplated by the Interstate Commerce Act. ¹

The Commission at once entered upon a campaign to secure the rate-making power desired, and persistently assailed the Supreme Court's decision. The Supreme Court was contradicted at every point, and it was vigorously asserted that the power was not a general rate-making power, that Congress had undoubtedly intended to confer it, and that the Commission had been stripped of all authority and opportunity to carry out the provis-

¹ 167 U. S., p. 506.

ions of the law. As illustrative of this attitude I quote as follows from the Commission's eleventh annual report, for the year 1897 (page 14), in describing the effect of that decision :

The carrier is given the right to establish and change its rates, independent of the judgment of the Commission and independent of the action and judgment of any other court or tribunal ; the right to establish, demand, and receive unreasonable and unjust charges is not prohibited ; and in respect to the charges which may be demanded and received for any transportation service, the carriers are made the judges in their own cases as to what is reasonable and just.

The result of all this has been that many people have entirely lost sight of the judicial utterances of the Supreme Court, and have accepted as facts the unjust and unbecoming criticisms circulated by the Interstate Commerce Commission.

Despite all assertions to the contrary, the definite scheme deliberately adopted by Congress for correcting unjust and unreasonable rates has never yet proved insufficient. A great many of the Commission's orders have been complied with. It has chosen to take but comparatively few of those orders into court for enforcement. When it has resorted to the courts it has developed practically without exception that the particular orders were improper and ought not to be enforced. This was not due to any lack of adequate power in the Commission, but was due to its erroneous methods. If those interested would take the trouble to read the decisions of the courts in these cases they would be astounded to find how generally the Commission has been wrong on practical and economic questions as well as with regard to the extent of its powers under the act.¹

¹ The orders which the Commission has taken into court, and the action of the courts in sustaining or overruling them, are as follows : K. & I. Bridge case, overruled by Circuit Court, and no appeal (37 Fed. 567).

Since the decision of the Maximum Rate Case, the Commission has made but one order which has been passed upon by the Supreme Court, that being the order relating to terminal charge on live stock shipments to Chicago. In that case the court clearly assumed that the Commission had the power to correct unreasonableness in rates. But it declined to enforce the order because the Commission's conclusion was illogical and unjust on the facts.¹

Much has been said about the delays in court in enforcing the Commission's orders. Since, however, the Commission's orders which have been taken to the courts have been found almost without exception to be altogether improper, the length of time occupied by the courts in disposing of these cases is no criterion whatever as to the length of time which would be occupied

- I. C. C. *vs.* B. & O., overruled by Circuit Court (43 Fed. 37), and by Supreme Court (145 U. S. 263).
- I. C. C. *vs.* T. & P. R'y, sustained by Circuit Court (52 Fed. 187) and Circuit Court of Appeals (57 Fed. 948); overruled by Supreme Court (162 U. S. 197).
- I. C. C. *vs.* C., N. O. & T. P. R'y Co. (Social Circle Case), overruled by Circuit Court (56 Fed. 925); overruled by Circuit Court of Appeals as to rates from Cincinnati to Atlanta, which the Commission made, but sustained as to the Social Circle long and short-haul order; no opinion by Circuit Court of Appeals; position of that court sustained by the Supreme Court (162 U. S. 184), which also held in that case that the Commission had no power to make rates.
- I. C. C. *vs.* Detroit, &c. R'y Co., sustained by Circuit Court (52 Fed. 1005); overruled by Circuit Court of Appeals (74 Fed. 803), and by Supreme Court (167 U. S. 633).
- I. C. C. *vs.* D. L. & W., overruled by Circuit Court (67 Fed. 724).
- I. C. C. *vs.* Ala. Mid. R'y, overruled by Circuit Court (69 Fed. 227), and Circuit Court of Appeals (74 Fed. 715), and by Supreme Court (168 U. S. 144).
- Behlmer *vs.* L. & N., overruled by Circuit Court (71 Fed. 835); sustained by Circuit Court of Appeals (83 Fed. 898), one judge dissenting; overruled by Supreme Court (169 U. S. 644).

¹ 186 U. S. 320.

by the courts in disposing of cases in which the Commission made just and proper orders. Indeed, orders of the latter description have been generally complied with by the carriers without any necessity for resort to the courts. The present law, moreover, plainly provides that unless the railroad company convinces the circuit court that the Commission's order is unlawful the circuit court shall decree the immediate observance of that order. While the carrier has the right to appeal, the appeal does not of itself relieve it of the necessity of observing the Commission's order thus approved by the circuit court, and it can secure such relief only by an affirmative order of the circuit court, which rests entirely

- I. C. C. *vs.* L. & N., overruled by Circuit Court (73 Fed. 409); appealed to the Circuit Court of Appeals and there dismissed by the Commission.
- I. C. C. *vs.* N. E. R. Co., overruled by Circuit Court (74 Fed. 70), and by Circuit Court of Appeals (83 Fed. 611).
- I. C. C. *vs.* Lehigh Valley R'y, overruled by Circuit Court (74 Fed. 784).
- I. C. C. *vs.* C., N. O. & T. P. R'y (Maximum Rate Case), overruled by Circuit Court (76 Fed. 183); question certified by Circuit Court of Appeals and the Commission again overruled by the Supreme Court (167 U. S. 479).
- I. C. C. *vs.* W. & A. R. R. Co., overruled by Circuit Court (88 Fed. 186), by Circuit Court of Appeals (93 Fed. 83), and by Supreme Court (181 U. S. 29).
- I. C. C. *vs.* C. B. & Q., overruled by Circuit Court (98 Fed. 173), by Circuit Court of Appeals (103 Fed. 249), and by Supreme Court (186 U. S. 320).
- E. T. V. & G. *vs.* I. C. C., sustained by Circuit Court (85 Fed. 107), and by Circuit Court of Appeals (99 Fed. 52), but overruled by Supreme Court (181 U. S. 1)
- Sou. Pac. Co. *vs.* Col. Fuel & Iron Co., sustained by Circuit Court, but overruled by Circuit Court of Appeals (101 Fed. 779).
- I. C. C. *vs.* L. & N., sustained by Circuit Court (102 Fed. 779), but overruled by Circuit Court of Appeals (108 Fed. 988); now in Supreme Court.
- I. C. C. *vs.* Southern R'y, overruled by Circuit Court (105 Fed. 703).
- I. C. C. *vs.* L. & N. *et al.*, sustained by Circuit Court, July 1, 1902, but not yet reported.

in the discretion of that court; so that if the court believes the public welfare requires that the order shall immediately go into effect, the carrier must immediately observe it, whether it appeals or not.

All that is said as to securing just and reasonable rates necessarily relates to just and reasonable *tariff* rates. It is an entirely different thing to compel a *strict observance* of those rates. The tariff rates may be entirely proper and yet serious evils may arise from secret departures from them. This evil of secret rate-cutting was the most serious evil when the Interstate Commerce Act was passed, and has remained the most serious ever since. No possible power of rate-making can prevent secret rate-cutting. The incorrect impression has been disseminated by the Commission that secret rate-cutting was due to the Supreme Court's decision in the Maximum Rate Case, whereas in fact the two subjects have no relation to each other. Most of the sentiment in favor of giving the Interstate Commerce Commission the rate-making power desired is based upon two misconceptions: first, that the power of the government to correct unjust and unreasonable rates was destroyed by the Supreme Court's decision in the Maximum Rate Case; and second, that the proposed rate-making power would prevent secret rate-cutting.

The present proposition is to give the Commission precisely the power which it sought to exercise in the Maximum Rate Case, and which the Supreme Court then said would enable it to change every interstate rate in the United States in a single proceeding, if it chose to do so. If the Commission be given this power, it will be practically free from judicial control, and therein its power will differ vitally from its present authority. The existing power is a *quasi* judicial power which the

courts can supervise ; the proposed power is a legislative power with which the courts can not interfere unless so exercised as to amount practically to confiscation of the carrier's property. Once give the Commission the legislative power of making rates, and the courts, following a long and unbroken line of precedents, will indulge every presumption in favor of the Commission's action, and will refuse to interfere with it unless the railroad can demonstrate that the Commission has flagrantly disregarded the pecuniary rights of the railroad company and that the enforcement of the Commission's order would amount to confiscation of the railroad company's property. Thus until the limit of flagrant impropriety is reached, the Commission will be supreme. To the extent of the very wide margin of discretion thus conferred upon the Commission, its edicts will be final.

This issue should be squarely faced. It is the question whether Congress shall give the Commission the power to make rates just as generally as it may choose to exercise the power, when that power is one which, in the nature of things, can not be adequately supervised by the courts, and will leave the Commission the final arbiter, except in cases amounting to confiscation. The proposition, moreover, is to adopt this course, which the Supreme Court has pointed out is a radical departure from the course devised by Congress, when there has never been a demonstration that the plan already adopted by Congress is not entirely adequate to meet the situation, and when any existing dissatisfaction with the law is due to the shortcomings of the Commission rather than to defects in the procedure prescribed by Congress.

I have no doubt these statements may not accord with the understanding of many of my hearers. The state-

ments, however, are absolutely correct, and will be verified by any intelligent and impartial person who takes the trouble to examine the provisions of the law, the public documents, and the decisions of the courts bearing upon the subject.

The regulation of railroads is eminently and exclusively a practical question, because no business is more severely practical or more inextricably interwoven with all the special and peculiar conditions of every phase of the commercial and industrial life of the country. The practical difficulties incident to the construction of railroad rates can not be overestimated. Every article of commerce has its peculiar characteristics and develops its own peculiar conditions. Every source of supply for raw materials has its local peculiarities, and many of them must look to constantly shifting markets. Every plant for the manufacture of anything has its individual requirements. Every commercial center has its own individuality, made up of a variety of conditions affecting the sources of supply, markets of disposition, methods of transportation, and its own physical aspects. Every railroad has its own problems to meet, its own phenomena of supply and demand of cars and locomotives, its own difficulties as to grade and curvature, its own varying conditions as to the direction in which cars move empty and trains are lightest; its own problems of congestion, its own duties to industries and communities dependent upon it; and the whole of this differs for every railroad and for every season of the year, and on each railroad these conditions may vary on every division and at every terminal. Conceive, if possible, of the continued but constantly varied interaction of all of these commercial, industrial, and transportation conditions and problems, and of numerous

others impossible to enumerate, and some idea may be obtained of the forces which make railroad rates and of the complexities and difficulties of the subject.

Railroad managers have to consider and meet all these conditions, keep the traffic of the country moving, devise ways of increasing the volume of that traffic, and if possible secure a return to the private enterprise and capital which have built and own the property.

Nevertheless, more theorizing has been employed with respect to railroads than with respect to any other business in the country. It has been a favorite mistake to discuss at great length the reasons upon which the right to regulate might be founded and then to assume, without consideration, that the right thus established ought as a matter of fact to be exercised to the utmost extent at this time. Many of the arguments are of this character alone. Yet if the right to regulate to the fullest conceivable extent be proved to a mathematical certainty, and if all the arguments and theories which ingenuity can suggest be marshaled to support it, all this will not and can not advance a single step toward a decision of the practical question as to what regulation is necessary or desirable.

It is broadly claimed that the railroad business is a governmental function, and upon this claim not merely the right but the expediency of practically unlimited governmental regulation is based. However, the operation of railroads has never been regarded, either in England or in this country, as a strictly governmental service, and it has only in rare and temporary instances been carried on by the government; but, even if it be, in theory, a purely governmental service, the government of this country has in fact elected to permit the service to be performed by private enterprise and private

capital. Certainly the fact that the public has a vital interest in the due performance of the service is no justification for any regulation except that based upon practical necessities. Under existing circumstances the railroad business is, and must be, managed by private individuals acting under a rigid pecuniary responsibility, and controlled by commercial and industrial conditions, against which the government affords neither protection nor guaranty. Railroad managers are bound to move the business of the country, and they must use their own knowledge of the facts and their own judgment, and act at their own peril in doing so; and public interference carries with it no relief from responsibility, and no guaranty against the mistakes of the interference.

It is frequently urged that there ought to be more control over the railroads of the country. The fact is that the railroads now are more controlled than any other institution in the country. They come in contact with the public in more different ways and are more subject to injurious restrictions than any other property interests. Every village board of trustees, every town and city council, every school district, every state, and every political sub-division of the state in some way regulates the railroad business and imposes restraints or taxes or both. The railroad is held to a more rigid responsibility in the courts than any other litigant. Its property is always within reach, and everything it does is done at its peril, not only of adverse judicial decisions to enforce legal rights that may have accrued against it, but of exciting hostile public sentiment which can hamper the property and impair its earning power in a thousand ways. Justice and the public interest would be subserved by less rather than by more control of railroads. But whether less or more, the question should be

determined by the actual necessity for the regulation and not by theories.

It is said that there should be some expert and impartial tribunal to decide between the two parties, the railroad on the one hand and the shipper on the other. This is nothing but a misleading generality which does not assist in deciding the practical question at issue. Nevertheless it is fully met by the existing condition that the courts are now in position to give relief to the shipper against any unreasonable rates or rate adjustments. However, this generally is apparently regarded as a sufficient basis for giving unlimited and practically final rate-making power to the Commission. If the government, while permitting the railroads to be run by private capital, should undertake directly to appoint the traffic managers of the various roads, such action would be regarded as wholly indefensible; yet precisely the same result would be reached if the Commission were given the power in question, because it could then, by its own will, assume the position of traffic manager for every railroad in the country to whatever extent it might choose to occupy that position. The only relief the railroads would have would be that if the Commission's acts in the capacity of traffic manager were flagrantly and palpably oppressive they could be corrected, but otherwise the Commission's discretion would be supreme. Certainly it is an inversion of all the principles of justice to continue to hold the railroad companies to all the duties and responsibilities and risks of the business and at the same time subject them to the practically unlimited interference of a tribunal of this character, when no guaranty whatever is afforded against the mistakes of that interference. Under the present method the mistakes of the railroad companies can, in every instance,

be corrected, whereas under the proposed method the mistakes of the Commission could not be corrected anywhere.

No such Commission is at the outset an expert tribunal, and it is not likely to become such. It is likely to be made up of gentlemen who have reached middle life, and who have probably up to that time devoted themselves to politics. They are rarely practical business men and almost never practical railroad men. They are likely to enter upon the performance of their duties with elaborate theories which, not being based upon experience, are probably incorrect, and almost without exception they show a surprising inclination to make railroad practices conform to their theories rather than to readjust their theories so as to be in conformity with the practical necessities of the transportation business of the country.

These statements are borne out by the history of the present Interstate Commerce Commission. In repeated instances the Commission has utterly refused to be influenced by long-settled railroad usages, has unanimously pronounced them unsound and unlawful, and later, when the cases came before the courts of the United States, those usages have been upheld and commended. This cannot be due to any difference in personnel of the Commission and the courts. It must be due largely to the fact that the courts are much more likely to approach these questions less hampered by preconceived and inelastic theories on the subject, and must be further due to the fact that the courts have no motive so to determine these questions as to draw to themselves the constant management of the details of the railroad business, whereas the railroad commission is almost always largely influenced by this motive, for unless it

can be managing the details of the railroad business it does not feel that it is justifying its existence.

It is everywhere recognized that administrative tribunals are ambitious for power. They use all they have and ask for more. The Interstate Commerce Commission is no exception to this rule. As an illustration of this disposition on the part of such tribunals, a state commission which has for many years fixed railroad rates recently came forward with the urgent recommendation that it be given the power to say when and where the railroads should build side-tracks, to compel them to acquire additional rolling stock, and to prescribe what disposition the railroads should make of their rolling stock. If any such commission should be given all the power it asks it would eventually be operating the railroads in every detail; but clearly before the government can properly operate the railroads of the country it ought to acquire and pay for them.

The very nature of the work of such a commission prevents it from being strictly impartial. It does not occupy the attitude of a court, declaring what the law is and having no interest in the result; but it is constantly making new and sweeping laws as it goes along, and there is always serious danger of its being led on by the seductive fascination incident to this exercise of legislative power. Such a commission therefore is apt to stand as the opponent of the railroads rather than as a tribunal deciding impartially between the shippers and the railroads. In my opinion the Interstate Commerce Commission is no exception to this general tendency, and I think it can properly be regarded as the champion of the shipper rather than as an impartial tribunal. I think this conclusion is fully warranted by its decisions and other official utterances.

It is asserted that this rate-making power must be given to the Commission because the railroad competition which has been responsible for the low rates up to this time is now disappearing through consolidations and combinations. In other words it is claimed that the reducing power of the Interstate Commerce Commission must be substituted for the reducing power of railroad competition. The Interstate Commerce Commission, however, urged this demand for the rate-making power just as strongly in 1897 as it urges it now, although at that time there were no important signs of the recent consolidations and they were not used as an argument. The recent tendency towards consolidation, therefore, is not the basis of this demand. It is simply utilized as a convenient argument to support it.

But the argument is fallacious and always will be fallacious, no matter what the facts are or may be as to railroad combinations, because railroad competition is not what has brought down rates in this country. Of course railroad competition has been frequently very active and even acute, with the result that rates have been much reduced by secret rebates. This, however, has always been regarded as illegitimate competition and injurious rather than beneficial to the public interests. Such illegitimate competition has been irregular and spasmodic in its effects. It has not ordinarily led to any permanent reduction in tariff rates. The low tariff rates which now prevail in this country are not due to this railroad competition, but are due to the competition between markets and between products, which will always exist, and to the efforts which the railroads are constantly making to increase their traffic, realizing, as they do, that increased profits must lie in increased volume of traffic, and that increased volume can from time to time be developed by reductions in rates.

In the territory south of the Ohio and east of the Mississippi River there has rarely if ever been any permanent and general reduction in tariff rates on account of mere railroad competition. Tariff rates have been better maintained in that territory than in almost any other section of the United States. There have been extensive and important railroad consolidations in the South. Therefore if the continual reduction in rates in this country had been due merely to railroad competition, material reductions would not be looked for in the South. Yet there have been substantial and steady decreases in the rates in southern territory ; and there has been and still is a steady decrease in the rate per ton per mile. These reductions have been due to the competition of product with product, market with market, and to the effort on the part of the railroads to maintain and increase the volume of traffic.

This could only be done by making such rates as would meet the rates made in other parts of the country to the same markets and upon the same or similar products. No matter how far the unification of railroad interests may proceed, there will still be the necessity for each railroad to build up the traffic on each part of its line and to develop a volume of traffic which will permit the most economical management ; each railroad will still have to be maintained to serve the local demand upon it, and economy of operations and profits from operations can only come from the wise adjustment of rates to develop a volume of business far in excess of the local traffic. Now and always this can only be done by making rates sufficiently low to encourage the movement of the traffic in question. This is the substantial factor in reducing rates in this country and always will be.

It has been picturesquely said that five men seated around a table in New York city can determine the rates which shall obtain in this country. The statement is without foundation. If a single individual owned all the railroads in the United States he could not dictate the rates of transportation. His motive would be to have his railroads managed so as to produce a profit upon his investment. The only practical way to accomplish this result would be to entrust the management of the lines in the various localities to officers familiar with the peculiar conditions of those sections, leaving it to them to develop such a volume of traffic as would make economical and profitable management possible.

This condition could only be realized through an intelligent construction of rates on a basis sufficiently low to develop the traffic. This is what has made rates low in the past, and it will keep them low in the future.

The insignificant part played by railroad competition in keeping rates on a low basis is clearly shown by the following statement made in 1895 by Mr. Knapp, then a member and now chairman of the Interstate Commerce Commission :

In the New England States the process of absorption in one way or another has gone on until there is now practically no competition in the railway service of that section. So far as I am aware, this consolidation has not resulted in any increase in charges, but on the contrary has been attended by considerable reduction in rates, by improved facilities, and the better accommodation of the public. Fewer complaints come to us from that region than from any other part of the country. My observation and inquiries lead me to believe that there is less dissatisfaction with railroad charges and practices in New England than is found elsewhere in the United States, and that the people in that territory would not welcome a return to competitive conditions.¹

¹ Letter to Senator William E. Chandler, dated Washington, October 17, 1895, published in Senate document 39, fifty-fourth Congress, first session.

Much stress has been laid on increases in rates in the last three years. Some members of the Interstate Commerce Commission have taken the pains to point out that with the increasing volume of business and the increasing efficiency of machinery rates should be diminished instead of increased. If in fact these increases have been unreasonable they can be corrected under the present law. So far, however, the Interstate Commerce Commission has not officially declared them to be unreasonable. It may be proper to say that in the South the reductions have far outnumbered the increases, and that while it is true that the volume of traffic and efficiency of machinery have pretty steadily increased during the past fifteen years, yet the Louisville & Nashville Railroad Co. realized less net earnings per mile during the past fiscal year than it realized during each of six other years during that period; and in 1902, with the greatest tonnage in its history, its cost per ton per mile was greater than for the three preceding years. Indeed, the cost per ton per mile has been increasing for the past four years.

While it is not probable that traffic conditions will permit the railroads of this country to increase their returns materially, it should be conceded, as an abstract proposition, that railroad companies have the right, in times of exceptional prosperity, when the price of every other service and commodity is increased, to share in that prosperity by increasing their rates. In other lines of business the volume of business and the efficiency of machinery have increased, but this does not preclude an increased profit upon each unit of production. It will no doubt be said that with railroads the case is different, because the railroad business is a public service. Nevertheless the government of this country has in fact elect-

ed to permit the service to be performed by private enterprise and private capital. As long as private capital is subjected to all the risks and losses of adversity, it certainly should not be denied participation in the advantages of prosperity, nor expected to rely for such advantages upon mere increase in volume of traffic. In times of depression railroad traffic is not only much diminished in volume, but the railroads have to reduce their rates in order to retain even a diminished volume. Inasmuch as the government does not in any way restrict the railroad's losses, it should not restrict the railroad's profits, unless those profits are derived from unreasonable rates. To measure reasonableness of the rates by some small rate of interest upon the investment is to adopt an impracticable rule and is to deny fair treatment to the private capital which has ventured to engage in business which the government itself is unwilling to perform, even assuming that the government has the constitutional power to perform it.

The power which the Interstate Commerce Commission could and would wield under the authority proposed is so great that it can not be exaggerated. Not merely would it exercise this power over the railroads themselves and the investors in railroad securities, but it would exercise it over the commerce of the country. The present adjustment of rates between competing cities is the outcome of long contentions and numerous compromises, each railroad insisting upon and fighting for what it conceived to be due to the cities on its line. The Commission will undoubtedly under the power proposed change these adjustments from time to time. This does not imply that the present adjustment is wrong but simply recognizes the disposition of such tribunals to exercise all the power they may possess. Of course the

Commission in the exercise of this power to readjust rates between localities can not help one without hurting another. The opportunities for sectional favoritism which would thus arise, the local strife which would be engendered, and the serious interferences with the usual channels of commerce which would probably result are among the most serious consequences incident to giving the rate-making power to such a tribunal. Nor does it involve, as has been so often speciously urged, the transference of such power from the railroads to the Commission, for the railroads do not now possess it. Every railroad tries to protect and foster the localities on its own line, but it knows that if it does this to an undue extent it will simply bring about corresponding readjustments with respect to competing localities, and will thus fail in its object. Moreover the action of the railroad is subject to ample judicial restraint, while the action of the Commission would not be.

The railroads of the country are vitally concerned in every commercial and industrial development. More than any other one interest are the railroads responsible for the wonderful material progress of this country. It can not be that the present results have been attained by a policy of oppression, or that the railroads with all the experience of the past will seek to impair the further development of commerce and industry, or defy existing laws, or invite more drastic ones. Despite representations to the contrary by persons having special ambitions or special grievances, the public has not been convinced and ought not and can not be convinced that their material welfare depends upon or will be promoted by giving the Interstate Commerce Commission the tremendous and dangerous power which is necessarily involved in the power to make rates.

Any further regulation of this subject ought to be most carefully considered. It should not proceed on any merely theoretical condemnation of the existing system. The insufficiency of that system, if it is insufficient, ought to be proved by actual test. If the fault lies with the Commission, that, instead of the law, should be amended. It is a subject for thought and investigation. The statements of interested parties, either for or against the railroads, should not be accepted as final. Original sources should be examined. Facts, not conclusions, should be demanded, and alleged facts should be thoroughly scrutinized. Tremendous and practically unlimited power should not lightly be conferred upon any government bureau. The private enterprise and capital to which the government chooses to leave the operation of the railroads of the country is entitled to protection and to freedom from any interference in the difficult work in which it is engaged except such interference as is necessary to protect the public.

PUBLIC REGULATION OF RAILROADS—

DISCUSSION

EMORY R. JOHNSON: Mr. Prouty considered four main points in his paper on the national regulation of railways: (1) that discriminations have ceased to be the main feature of the railway problem, and that actual and possible extortion in rates has become the paramount question; (2) that the railroad is the greatest and most dangerous of all monopolies, and is now making use of its monopoly power in many instances to advance rates to the point of extortion; (3) that the effective regulation of railway charges demands the establishment of a commission with power to adjust rates; and (4) that the review and enforcement of the commission's orders should be vested in a special tribunal or a commerce court.

Mr. Prouty says that "five years ago the crying evil in railway operations was discrimination, mainly discrimination between individuals." This does not seem to express the facts with entire accuracy. The most serious discriminations have not been those of a personal nature, but those between different classes of traffic and between rival centers of production and distribution. While personal discriminations have always attracted great attention, their consequences have never been so serious as have been those affecting the classification of commodities and the relations of localities with each other. I question, moreover, whether the main purpose of railway regulation has come to be the prevention of extortionate charges. In the present and in the future the chief object to be accomplished by government in-

terference will be the minimizing of discriminations. Extortionate charges in individual cases are now and will continue to be a possibility, but the scope of such extortions can hardly become extensive. The competition of rival areas of production in this country, each struggling to secure as great a share as possible of the markets of the world, will be eliminated neither by the combination of producers nor by the consolidation of the railroads into a small number of groups. We are witnessing a rapid consolidation of the railroads of the United States, and the prospect is that before many years the country will be divided up territorially among a small number of systems. That this will give the railway companies greater ability to coöperate and a greater power to regulate their charges there can be no question. But the fact remains that the prosperity of each carrier and of each group of carriers must depend upon its securing a constantly increasing volume of business. The carrier is a joint agent in production, and can succeed only as the region it serves prospers industrially.

That the railway business is the greatest and most dangerous of all monopolies I am not prepared to admit. The essence of monopoly is the power to fix the price the consumer must pay. The railroads possess a partial monopoly which, though powerful, is limited by the action of competitive forces exercising a wide-reaching influence over the rates which carriers can charge. Many of the factors affecting the price which the carrier may charge for his service are quite beyond the control of the traffic manager. This thought was well stated by Mr. Hines when he said, "The low traffic rates which now prevail in this country are due to the competition between markets and between products which will always

exist, and to the efforts which the railroads are constantly making to increase their traffic, realizing as they do that increased profits must lie in increased volume of traffic."

Whether rates are now becoming extortionate is a question of fact difficult to decide, but in drawing conclusions regarding the advances that have taken place in railway charges during the past four years we should bear in mind three facts:

1. Freight charges were forced to a very low point during the period from 1893 to 1898, and that profits in the railway business were then reduced to a very small figure.

2. The advances of the last four years have been relatively slight. The average ton-mile earnings since 1896 have been as follows: in 1897 they were .798 cents; in 1898, .753 cents; in 1899, .724 cents; in 1900, .729 cents; and in 1901, .750 cents. The lowest point was reached during the year ending June 30, 1899. The average ton-mile revenue for 1901 was practically the same as that for 1898.

3. The enormous increase in net earnings of the railways has been due mainly, not to higher rates, but to an increase in the tonnage of their traffic. The railway business is one in which the law of increasing returns operates powerfully. The railroad companies are now doing a highly profitable business because they are doing such a large business.

The third point made by Mr. Prouty, that the effective regulation of railway charges demands the establishment of a commission with power to adjust rates, expresses a truth the validity of which has been fully proved by the experience of the United States during the past fifteen years, and by the history of railway reg-

ulation in numerous foreign countries. It is not possible for a national commission to accomplish its tasks if it has not the power to issue orders binding upon the carriers unless the enforcement of the orders is suspended or set aside by the courts. In his discussion Mr. Prouty very properly proceeds upon the assumption that the public regulation of railways is necessary. It would seem that the time for arguing in favor of effective government regulation of transportation agencies had long since passed; nevertheless Mr. Hines evidently approached his subject with the conviction that public regulation instead of being a necessary good is an unnecessary evil. The position now taken by Mr. Hines on this question is the one which railway officials generally held in 1870 when the American public made its first serious efforts to subject public carriers to government regulation. During the past thirty years most railway officials have ceased to champion the principle of non-interference by the government, but Mr. Hines is true to the faith of his fathers.

It is suggested by Mr. Prouty that the review and enforcement of the Commission's orders should be vested in a special tribunal or a commerce court, the purpose of the establishment of this special court being to secure a set of judges possessing expert knowledge of transportation matters, and to obtain a more prompt enforcement or annulment of the orders of the Commission. Such a system might work well in practice, but it might not. It is quite possible that the result of the establishment of such a court would be the development of two railway commissions instead of one, that there would be a division of responsibility, and that in the performance of their respective duties more friction might take place and greater differences of opinion might arise between

these two bodies than now exist between the Interstate Commerce Commission and the United States courts.

In amending the present law, greater efficiency should be given to the present Commission by making it the sole investigating body and the ultimate authority as to the facts. The courts should be restrained from investigating any fact the examination of which is not essential to a determination of the points of law involved. The efficiency of the Commission for the investigation and determination of traffic questions might possibly be enhanced and the value of its decisions increased if its members comprised laymen as well as lawyers. The members of the Interstate Commerce Commission are persons of exceptional ability, but in each case their training previous to appointment has been that of the lawyer. A commission consisting of five men—two lawyers, an economist, a traffic expert, and a man of business experience would seem generally equipped for the work to be done. I would favor placing the work of investigation in charge of such a body, and would, for the present, let the appeal from the decisions of the commission be made to the United States circuit courts.

BALTHASAR H. MEYER: Mr. Hines says, "It is broadly claimed that the railroad business is a 'governmental function.'" I believe in common with many others that there should be more regulation than we have at the present time, but not because the railroad business is a "governmental function" in the United States, as it is considered in other countries. We may be obliged to make it a governmental function in the United States; indeed many of us may be obliged to change our opinions with regard to governmental functions; but so long as both public and private in-

terests are properly regarded, I am ready to say that the operation of railroads is not to-day a governmental function in the United States.

Again he says, "The fact is that the railroads now are more controlled than any other institution in the country." However, I maintain that the relative amount of regulation at present in force with respect to other lines of business is of no importance in considering the amount of regulation required by railroads. A quarter of a century ago the principle was established that the state has the right of regulation of all private property devoted to a use in which the public has an interest, this right of interference increasing with the increase of the public factor in the business. In the railway business the public factor is large as compared with the private factor.

Again Mr. Hines maintains that "If those interested would take the trouble to read the decisions of the courts in these cases they would be astounded to find how generally the Commission has been wrong on practical and economic questions." I venture to say, however, that there is not a single instance in all the decisions of the United States Supreme Court in relation to interstate commerce in which the Interstate Commerce Commission has been overruled on broad statements of fact, although it has been overruled on questions of law, on questions relating to the extent of power of the Commission, on the exact meaning of the law, etc. I am greatly surprised to find a traffic man appealing to the Supreme Court's decisions with regard to traffic matters. Many of these gentlemen will tell you that they think the Supreme Court is quite incapable of deciding questions of traffic, and in proof of that they will refer to the *Trans-Missouri* and *Joint Traffic* Cases. In this *Trans-*

Missouri decision Justice Harlan, in a dissenting opinion, expressed what appears to meet the requirements of the case much better than the opinion of the Court. Indeed, while holding in great respect the Supreme Court and its decisions, one cannot but feel that these distinguished judges have been so engrossed with other matters that they have not thoroughly mastered the propositions with respect to railway traffic upon which they have been asked to render decisions.

Again Mr. Hines states, "Under the present method the mistakes of the railroad companies can, in every instance, be corrected." The chief means through which the errors of the railroads can be corrected is through the rate. However, we all know that the Commission has not the power to prescribe what is a just rate for the future; that if an order is made to reduce a rate, a reduction of a fractional part of a cent meets the requirements of the law. In this respect I believe an analysis of the laws of the different states and of the federal government with respect to the railroads bears out in general the point made by Commissioner Prouty that there is no efficient regulation of railroads in the United States to-day. Such regulation as exists is very limited in extent, perhaps in less than one-half dozen states.

In our own state of Wisconsin the Commission made a ruling, promptly observed by one of the large railways concerned, involving a differential rate between two different points competing for traffic to the West; but the railways on the other side of the Mississippi river at once changed the rate so as to reëstablish that differential which was decided by the Commission and thought by the merchants to be unjust. The Commission can at the present time recommend anything and everything, but do nothing.

I believe with the paper in the limitations of competition, but cannot rely so much as perhaps does the writer upon the competition of markets. It is probably true that St. Paul and Duluth will always have competition in the wheat trade with South America and Russia and other parts of the world ; but competition of markets in the same country can continue only so long as the different markets can act through independent railways ; when all these markets are served by one system of railroads, it is largely a question of the good-will of those in control whether these different markets shall continue to compete on the same terms as theretofore. And when I speak of "good-will" I do not mean to imply that the railroad managers of the country do not desire to do what is right, duly to regard both public and private interests ; but there is nothing in existing legislation that can compel a single railroad manager to do what the law and the better judgment of his fellows says is right. When, for instance, the president of a system tells us that if we do not choose to comply with his terms we may walk from Louisville to Nashville, we realize the necessity of an efficient public authority. Somewhere there must reside power which will compel that single individual who holds out against the better judgment and just demands of his fellows to give us a proper rate ; and also power, when this individual blocks the way, to cause the locomotive to move just the same.

Again I am quite in accord with Mr. Hines with respect to the complexity of railway rates. Because of this complexity is it not necessary that in the establishment of the rate different interests should be represented ? Perhaps the most conspicuous illustration of "taxation without representation" the world has ever known is found in this establishment of all railroad rates by repre-

sentatives of one set of interests only. I do not mean that those who are not legally and financially responsible for the administration of railroad properties should have power to establish the rate, but I do believe—and I believe this because the experiences of various foreign countries show us that it is practicable—I do believe that these gentlemen should call into counsel members of chambers of commerce, of manufacturing bodies, of agricultural societies, and the like, and thus give a full representation to the different interests involved. I am confident that if before hay was pushed up from the sixth to the fifth class with apples, beans, cured meats, etc., the interests concerned had had an opportunity to be heard, hay and apples would have been put into separate classes. Under an advisory system I am sure the cheese makers of southern Wisconsin would not have paid twice as much for one-fifth the distance compared with New York cheese makers, in sending cheese to Chicago. The final point, then, is that we want representation, not with the view of taking from the railway managers who are responsible for the administration of their properties the power to fix the rate; but, because of the complexity of the rate problem, to urge that managers shall draw into their counsel men whose interests are affected by the rate, before such rate is finally established.

J. SHIRLEY EATON: The theme opened up by Mr. Prouty and further developed by Mr. Hines suggests many things. The major question, however, is whether on the largest grounds of public expediency and individual rights the state at large should enter into the regulation of railroad rates. People who have thought much on this subject have been very cautious when they

talk of the state's entering into the control of commercial conditions.

The reasons generally advanced for the control of railroad rates are that the railroads were built by the right of eminent domain, and are operated under a franchise. To my mind these reasons are incidents only of the larger reason on which they rest, namely, that private rights are modified by public rights, and that public convenience is a large element in determining private rights. The right of free passage over private property was one of the first instances of the application of this principle. The franchise is a device to stimulate industrial effort; and in most cases it is determinable, or at best exposed, under pressure of public sentiment, to the potential competition of another franchise that may impair its monopoly features.

Railroads, like every other industry, have tremendously enlarged their scope, until instead of dealing with the individual and isolated localities, their operations have come to be of great public moment. As Mr. Meyer said, they have passed from the stage where the individual conducting the business is the large and permanent factor and the public is the small and fugitive factor, to that stage where the patrons are the large and permanent factor. Public welfare and convenience being closely identified with these operations, we may find lodged in these railways great administrative power. It was said by one railroad president that he would rather be president of his railroad than governor of the state of Ohio. Those in the railway service recognize most keenly the responsibility committed to them.

In the industries of to-day it has come to be a nice distinction to determine what part of these governmental functions incidental to the operation of these great

properties is best performed by private agencies and what part by the state in its public capacity. That the ultimate review to determine right and wrong or public expediency or in expediency must rest with the state, no one will question ; but that the state is the best agency for administration, which differs from review as forecast differs from recast, which must be highly elastic and very sensitive and alert to all the conditions with which it must deal, is open to grave question.

Much of the argument made by Mr. Prouty as to the raising of the rates to my mind was hardly to the point. Rates have been raised, but so have prices generally. The mere statement of the amount of these raises does not prove the injustice of the increase. He has indicated the stages by which the active and reckless competition of other days, an incident of chaotic service, has given way to a better ordered service by the railways through their consolidation. I think he has limited his view of competition to the competition between parallel lines. This is the most obvious, but after all only one of the forms of competition which control in making railroad rates.

We want competition ; but the state comes in to say that competition shall exist only within definite limits, beyond which it becomes violence. You may stop work, but you must not commit physical violence ; you may adjust your supply to the demand of the market, but you must not commit commercial violence ; you may sell a thing for what you can get for it, but if your business affects public convenience your prices must be fixed by schedules and not varied for each individual. There may be as much competition in making a schedule as there might have been in higgling over each individual transaction. On the one hand the field of en-

terprise is a field of economic inequalities which we may recombine to produce new utilities; on the other hand public considerations dictate that some of these individual elements of inequality of advantage shall not be permitted to have force. The service performed is thrown into certain groups, as it were, and the price to each in that group is at an average valuation regardless of the immediate and special value to the party served. The seller to-day has a special advantage over those who buy of him, but he must not avail himself of that. He must put his price at the general average of value. And again the individual who may have to sell his services or his commodity to-day under adverse conditions will enjoy the average valuation of those services. To my mind this is a process that is going on throughout all industry, namely, the grouping of demands and the dealing with the individual instances of demand at the general average valuation of the group to which they belong.

The group should be sufficiently inclusive to eliminate differences of advantage or disadvantage that do not make for the good of society at large, and yet they must be sufficiently numerous to differentiate among the economic inequalities which the public service and individual advantage may combine to largest result. Discrimination between groups is a legitimate adjustment between supply and demand, but the discrimination between the individuals in such a group is what we conceive to be abuse or competitive violence. Society is constantly widening the scope of what they consider competitive violence. At the beginnings of the Standard Oil Company it was alleged that they got certain concessions from the railroad. The railroad said, "We will take your business at less rates because it costs us

less ;" and the public said to the railroad, "You are a public carrier, and the inequalities between the situation of the Standard Oil Company and the individual operator should not enter into the rates which you quote to either party. Throw them both into a general group and quote the average valuation to each."

This is an instance of the development of any industry or commerce on a large scale, whether the state intervenes or not. During the last anthracite coal strike the great operators did not raise the cost of their coal one penny from the scale price in force before the strike was commenced, although every ton was mined at extraordinary cost and was of extraordinary value while stocks were so depleted. They were averaging the situation of the strike with the situation at other times when there was no strike, because they were large companies and a permanent factor in the situation. In the language of business we say that they were responsible, that they were following large policies, that they protected their customers against extraordinary conditions.

The state to-day says it wants to enter into this administration and determine what these groups shall be. They say you may have done these things for the best interest of yourself and the public, but you have not consulted them. There may be reason in this argument. The pressure of enlightened self-interest should determine most of these things ; but it is true that as agencies become complex, while self-interest as a whole may be followed on enlightened lines, there may be many detailed abuses. For the most part when the public desire to enter into this administration they are practically saying that you do not know how to run your business for your own best interest. I will not say that they are not justified in that at times, but I would place most of

the clamor for public regulation of railways upon what I conceive to be the proper basis. If we are to introduce the public to representation in the exercise of these great administrative powers now exercised by the great commercial and industrial agencies, we must remember how prone the public have been in the past to make blunders and to accept the direction of inexperienced meddlers. This is not the spirit in which the public at large enter into the proposition, but it is unfortunately too often the way their best purposes are frustrated.

Abuses so far complained of center upon the question of rates, and we have had tribunals to sit upon the question of what is a reasonable rate. To my mind no one knows what is a reasonable rate. The deliveries of these tribunals go back to the original situation which by the conditions complained of has been disturbed. But what was this original situation, and what inherent principles of right were announced by it? It is like "the good old times"—exactly when were these "good old times" to which we so feelingly refer?

MAX WEST: The Supreme Court of the United States has disclaimed its own ability to determine questions of fact with relation to railroad rates. I refer to a South Dakota case which arose perhaps a year after the Nebraska Freight Rates case. In this South Dakota case the court laid down the principle that questions of a statistical nature should be referred to a master in chancery, who should investigate and report the facts to the court, which could then determine the question of law at issue.

I want to add a word of appreciation of Mr. Prouty's most admirable address, which it seems to me is quite unanswerable. I think it is rather useless, however, to

discuss the question whether railway transportation is a private or a public function. But the true reason why we must have governmental limitation of rates was suggested by Mr. Prouty when he said that the excessive price of coal is a tax, and that an extortionate railway rate is a tax. Any extortion through monopoly is a tax, or, to put it in a less demagogic and a more scientific way, the excess of monopoly price above cost—allowing, of course, for interest, earnings of management, etc.—that excess is in all cases a tax; and that is certainly true where the monopoly is due to legislative action, such as the assignment of the power of eminent domain to a railway corporation. The power to tax is the power to deter, to prohibit, or even to destroy; there are no limits to the power of taxation. It is a dangerous power to delegate to a private corporation.

C. S. WALKER: The parties concerned in this discussion are the producer, the public carrier, and the consumer. The public carrier by means of his perfected organization will get his share of the production of wealth, without much interference on the part of any one else. In almost all the production of the present time the tendency is to form great trusts, so that the producer's rights in the natural evolution of things will be cared for. The only doubt is as to the agriculturist, the producer of wealth from the soil. He has not yet learned how to organize, and therefore his rights should be protected. The third party is the consumer, representing the seventy million people of the United States. Who shall care for the rights of these millions? You have seen this morning that it is impossible for each one of these seventy millions to bring a case and carry it to the Supreme Court. There must be some repre-

sentative to look out for the interests of the consumer, some way devised by which the consumer's rights shall be secured. The Interstate Commerce Commission shows how this may be done. Either this Commission must be given power to protect the consumer through the regulation of rates, or there will be a public demand that the government own and operate all railroads. Some means must be devised whereby the three parties at issue, the producer, the public carrier, and the consumer, shall have their rights fully guaranteed.

FREDERICK C. CLARK: I do not think we have reached the bottom of this question of regulation by commissions to-day. Judge Cooley once said: "The railroad problem, summed up in one word, is the rate problem, and the establishment of the Interstate Commerce Commission is a new step in the right direction of the states' or the federal government's right to interfere in industries to this end; but we will not in any case as a commission render opinions until cases are presented to us in a formal way." In this reply there was a forecast of the passivity of the Commission. Sixteen years' experiment has shown us what can be done, and we know what has been done, even though the courts, as in the Counselman case, have sapped the Commission of its power.

It seems to me that there is some supplementary machinery necessary in connection with the idea of regulation by a commission. While the principle of a rate commission as suggested by Mr. Prouty is all right, there should be also a board of inspectors of railway accounts. The *books* show all railway operations, and government accountants, properly empowered, could settle many cases in advance, and prevent scores of

others from ever becoming cases at all. As matters now stand, as fast as regulation catches up with railway violation on one point, the roads are doing something else at another point. If we had the power periodically to inspect the books and publish the inspectors' reports in the daily press, I think we could accomplish a great deal. In short, adopt a policy along the line of that now applied to national banks. That is the proper kind of publicity. When you have inspectors to go around among these railroads, then you have got right at the kernel of their affairs and of the problem. If the railroads were desirous of living up to law, then the same report in all its details which the statistician would put before the president and board of directors they would submit to the inspector of the government, or he could make it for the commission. We would then have the railroads on their right lines, while they, at the same time, could depend on the public's not doing aught but what was reasonable and just.

I do not think that the public wishes the railroads to earn less than six per cent on capital stock actually invested, but when they earn twelve per cent, then double their capital stock in order to show a less rate of dividend, and keep on "watering" their stock to keep up with their earnings and to keep down the rate, pleading poverty and low rates to the people, there is something radically wrong which the public will not always endure. No right thinking man desires to take one penny from the railroads unjustly, but the evil policy of stock watering, which is the real cause of the present rate problem, should be changed and brought under effective control by the government. This capitalization problem, moreover, lends itself more readily than the tinkering with rate sheets to the theory of regulation by com-

missions and inspectorial boards. It is just as essential in American industrial life that we regulate railways by inspection as that we regulate banks.

CHARLES W. MIXTER : It has been represented in this debate that *laissez faire* economists hold that in the general march of progress everything will come right. I do not think that they have maintained that. They know that this is an imperfect world, and therefore take to heart the lesson from Burke, that it is one of the chief attributes of statesmanship to recognize the evils of every system which must be tolerated.

We have had this morning, in the main, simply a heaping up of alleged evils in respect to the way railroads carry on the transportation business. The point is, assuming these evils, where is there any fund of wisdom in government or any device of government which can lessen existing evils without putting others in their place ?

Most of us regard the putting of the tariff question into the hands of a commission as a simple-minded idea, for the tariff question is essentially a political question, a matter of the log-rolling of local interests. Where the tariff question is now, the railroad question, under a thoroughgoing régime of state interference, of which, thus far, we have had no experience, would in time come to be. Just as now you cannot get the tariff question out of politics, then you could not keep the railroad question from getting into politics. The notion that railway rates could be permanently regulated by a non-partisan tribunal, representing the whole country, seems to me to be out of the question. Do we want the same sort of edifying spectacle in respect to railway rates which we now have whenever a tariff bill is framed ?

THEODORE MARBURG: Mr. Prouty's suggestion is a bold one, but I quite agree with the statement of Professor Taylor that in respect to services of this nature we shall presently be facing the alternative of government control or government ownership, and we ought to consider well what the latter means. I have myself undergone a decided change of opinion with regard to it, now believing that for us in America extensive state ownership would be a misfortune. It is not so much a question of the ability of the state to conduct these services economically and effectively, but rather the multiplying of the number of government employees under a democratic form of government. Against this France offers us a warning. We must not forget that when we take such a step it is not for to-morrow only, but for the long future. If we should turn the railways over to the government, presently there would arise a demand for the acquisition of other utilities; some unwise practices on their part would precipitate it. The government employee seldomly works as honestly as the man in private industry, and there would arise the danger of setting up a great bureaucracy and body of government employees who would sap the life of the state.

HENRY B. GARDNER: As I understand the gist of Mr. Hines' remarks, if the Interstate Commerce Commission would give up prating of their lack of power and exercise the power they do have under the law, they might exercise effective control over the rate. I understand further that there is no question as to what they can do. They know they can declare a rate to be unreasonable, but have no power to declare what a reasonable rate is. I wish Mr. Hines or some one would tell us more specifically how under these conditions this

Interstate Commerce Commission can exercise effective control.

WALKER D. HINES: Before I proceed to sum up I would like to have Mr. Prouty reply to my question as to whether there is a single case in which the courts have overruled an order of the Commission except on the ground that the Commission had failed to pursue the course prescribed by statute, or that its order was unjust upon the facts.

CHARLES A. PROUTY: It would be unprofitable for me to go into the cases decided by the Commission and reviewed by the courts. To my personal remembrance neither the Supreme Court nor Circuit Court of Appeals has ever reversed the Commission on a question of fact. It has always been that the Commission did not correctly apply the law; that it did something the statute gave it no power to do; that it considered some testimony that it should not have considered; that it refused to consider some testimony it should have considered; that it overlooked some fact that it ought to have taken into account. In the live stock case the court held that the Commission was right on every question of fact, but had overlooked one other factor which the Commission did not deem important, and the court sent the case back to the Commission. Mr. Hines says the Commission has the power to enjoin by proceeding in Circuit Court. There is pending in the Supreme Court a case which the Commission began seven years ago.

WALKER D. HINES: Which case, Mr. Prouty?

CHARLES A. PROUTY: The case against the Missouri Pacific to enjoin discrimination against Wichita.

That case the Commission has prosecuted with all due diligence. Last spring the courts did enjoin violation of rates. I may say that those proceedings were inaugurated on the request of the railroads; some of the railroads were in the position of wanting to be enjoined.

WALKER D. HINES: I understand then, Mr. Prouty, that there is not a single case in which the courts have overruled the Commission except where it had failed to proceed according to the statute, or where its order was wrong on the facts?

CHARLES A. PROUTY: I think the courts have never reversed the Commission on a question of fact.

WALKER D. HINES: That, of course, is another question. I merely wished an answer to my inquiry. Of course if you do not wish to reply to it, it will have to go unanswered. I reassert that every time the Commission has been defeated in the courts, it has been due either to its usurping some power it did not possess under the act, or to its reaching conclusions inconsistent with the evidence which it ought to have considered, with the result that the court has condemned the Commission's finding; and further that there is no instance of a meritorious order made in accordance with the statute which has not been enforced. Now, after fifteen years, the Commission says it does not know what it can do; and with that as a basis, Mr. Prouty makes the broad assertion that the Commission can do nothing.

I want to make specific reference to the live stock case. In that case the railroads imposed on the rates on live stock to Chicago an additional charge of \$2.00, calling it a terminal charge. The Commission considered the matter and announced that it was looking at

the whole service, that the terminal charge was in fact part of the rate to Chicago, and that the rate, having been reasonable before, with the addition of \$2.00 was unreasonable. Subsequently the railroads applied to the Commission, pointing out that on a material part of their traffic they had reduced the rates to Chicago. The Commission having refused to change their findings, the case came to the Supreme Court, which, while conceding that any unreasonableness might be corrected, condemned the Commission's order on the facts because it had ignored the reductions which had been made. In a number of other cases that has been true. In the Import Rate case the Supreme Court said that the Commission had no power to make the order it attempted to enforce, and also clearly indicated that it ought not to have made it if it had had the power. The same was true in the Alabama Midland case, and also in a number of decisions of the Circuit Court of Appeals. I do not ask you to accept my word, and I would rather you would not accept Mr. Prouty's word, but read the decisions and decide for yourselves. The matter is too important to jump at conclusions or accept the statement of interested parties.

I desire now to answer a question that was asked me, "How can the Commission exercise control by the mere injunctive process?" Before answering directly I wish to say that this method prescribed by Congress ought not to be thrown away as worthless until it has been tried and found to be so. There has never been a single case where that injunctive process has gone through the courts and found to be worthless. As I recall, the only case which has gone to the Supreme Court and been sustained is the Social Circle case, and the readjustment in that case was promptly made in the

very terms of the Commission's order. There are many other cases in which the railroads have obeyed the Commission's orders literally.

Replying directly to the question: The Commission condemns a certain rate as unreasonable, giving or being able to give its reasons therefor, and orders the carriers to cease from charging that rate, say \$1.00 per hundred pounds. Although the Commission has no power to say you must charge that, if the order is well-founded the carrier will not make an insignificant reduction and purely technical compliance, for the Commission, being familiar with the facts, can readily make a further order. If the carrier believes it can convince the court that the Commission's order is wrong, but when the case gets into court is unable to do so, then the Circuit Court enjoins the carrier from continuing the unlawful rate; and clearly the railroad will not care to risk a purely technical compliance, because they are not courting litigation. There has not, as far as I am advised, been a single case of this purely technical compliance with the Commission's order.

The action of the Supreme Court in the Nebraska case and its similar action in the Reagan case illustrates how the merely injunctive process may be effective. The court, finding the rates fixed by the state authorities unreasonably low, stated that it had no power to fix the rates that might be charged, that its only power was to restrain the enforcement of unreasonably low rates; yet so far as I am advised this purely injunctive process against unreasonably low rates was a substantial protection to the railroads. The state authorities did not undertake a merely technical compliance with the injunction of the court by fixing rates merely a fraction of a cent higher. There is certainly no reason to believe

that railroads would be any more disposed to defy a decree of the federal courts by making a mere technical compliance than would a state railroad commission. The railroad's property is always within reach and subject to regulation and control; it is always held to the strictest responsibility; it is especially sensitive to public opinion; it does not want litigation. Certainly until the contrary is proved by actual experience it is entirely proper to assume that the railroads would comply in a substantial way with any injunction against unreasonable rates. In the absence of proof to the contrary the Congressional procedure ought not to be condemned as worthless.

CHARLES A. PROUTY: I wish to say just three things.

First. Mr. Hines has told you that the Commission now has ample power to prevent the imposition of unreasonable rates. This is a theoretical statement, based upon his interpretation of the language of the act to regulate commerce. Beside it let me put the practical statement of an actual railroad operator.

In the recent hay case the Commission found that the railways in official classification territory had unreasonably advanced the rate on hay, thereby exacting from the public some two millions of dollars annually beyond what was just. We directed the carriers to desist from that advance, making the best order which our interpretation of the act and of the decisions of the courts would permit. The traffic manager who had assumed the burden of the defense in that case straightway issued to all the defendants a circular in which he said that of course no attention would be paid to the order of the Commission, for that body had no authority to make the

order, and if it had, there was no way in which that order could be enforced. Here, I say, is the practical application of this act to an actual situation by a railroad operator. You can take your choice between the theory of Mr. Hines and the condition which exists.

Second. If, as Mr. Hines says, the Commission has these ample powers under the act as it now stands, it can do no harm to enact such legislation as will clearly define those powers and clear up all uncertainty. Give us two or three sections of clean-cut English, which shall inform both the Commission and the public of its duties and its authority. Then can the Commission act intelligently and the public obtain the benefit of whatever power it has.

Third. Mr. Hines tells you that the Commission is composed and will be composed of superannuated politicians, with no practical knowledge of railroad operations. Personally I have never been much of a politician. Aside from membership in the popular branch of the Vermont General Assembly as representative from my native town, I had never held and never been a candidate for any elective office when appointed to my present place. Up to that time I had been merely a railroad lawyer, just like my friend Hines. I knew no more about these matters then than he does now. Since then I have devoted six years—the seventh part of an average business life—to the conscientious study of these questions. The most stupid man in that time should acquire some little knowledge of traffic conditions; and three of my associates are older in service than I am.

However, I do not care to discuss what Mr. Hines asserts or insinuates with respect to the insignificance and incompetency of the present Commission; but I do say that seldom in the last half century have five men sat

together as court or committee or commission of greater practical wisdom than those who made up the first Interstate Commerce Commission. There was Judge Cooley, known wherever the common law is known, known more widely than any judge who ever sat on the supreme bench of the United States with the exception of Marshall and Story; there were William R. Morrison, a leader of the House of Representatives when no mere politician could assume that role, Aldace F. Walker, the ablest railroad lawyer in New England, a man subsequently honored with the highest places within the gift of the railroads themselves, and Augustus Schoonmaker, a former attorney general of New York and a leader among the lawyers of that great state. The remaining member, General Bragg, if not fully the equal of his associates, was at least the best man available from my brother Hines' side of the Ohio River.

The discharge of a great duty draws to itself great ability. That Commission was great because it was supposed to be charged with great responsibilities. If the personnel of the present Commission be small, it is because its functions have been belittled. Make the Interstate Commerce Commission what it was once supposed to be and what it should be, and you will have no criticism to pass upon the members of that body or the manner in which its duties are discharged.

THE DYNAMICS OF THE WAGES QUESTION

JOHN B. CLARK

Students of the wages question have sought chiefly to discover the "natural" standard to which, at any one time, the pay of labor tends to conform. It is the rate which would prevail if the forces that are continually changing the shape of industrial society and modifying its action were to cease to act and if competition were to work in ideal perfection. This static rate, toward which actual wages are always tending, is fixed by the productive power of labor itself, and whatever changes that productive power raises or lowers this standard. Working men are creating daily certain amounts of wealth; and if the changes and disturbances that social progress implies should cease and if certain causes of friction were removed, every man would get, as his pay, the amount that he actually produces. Ten years hence the men will work in a different manner and with different appliances, and if we could then stop the influences of change and let competition again do its full work, we should find them getting amounts that would correspond to their changed powers of production.

The marginal productive power of labor furnishes the standard of wages, and in general this is tending upward, and the actual rate is pursuing it. The movement is the resultant of many influences, some of which tend to depress the rate while others tend to raise it. Of these various influences some may be classed as normal and others as abnormal. From a dynamic point of view it would not be in accordance with nature that the actual rate of pay should coincide with the standard rate. When a dynamic influence raises the standard, certain

elements of natural friction prevent the actual rate of pay from instantly overtaking it, and it is to be expected that at best the rate of wages will actively pursue the rising standard, but will lag somewhat behind it. In a dynamic view the condition is natural if the upward movement of the standard goes on at a normal rate and if the actual wages lag behind it by a normal interval.

The terms "natural" and "normal" imply an accordance with unperturbed nature, and for our purposes one chief perversion is that which interferes with the free movement of labor and capital from one occupation to another. This causes the actual rate of pay to lag unduly behind the standard. This also reduces the incentives to progress and renders the upward movement of the standard itself unduly slow. Monopoly is the comprehensive name for the great majority of the influences which act in these ways. The existence of an interval between the standard rate of pay and the actual rate is, as may easily be shown, the condition that affords entrepreneurs' profits; and these should be the lure to invention and to all the improvements which enlarge the general product of industry. When they act in this way they are forever thrusting the standard of pay forward, and are not retarding the pursuit of that standard by the actual rate. Every such improvement not only increases the ultimate power of labor to produce wealth and to get it, but also accelerates the increase of the amount that, from the first, it gets. If, however, labor could instantly get all that a recent improvement enables it to produce, profits would be annihilated and the incentive to further improvement would be removed. It is essential that the standard of wages should forever outstrip the pursuing

actual rate. In the sharpest contrast with the creating of an interval between the standard of wages and the rate of actual pay by influences that thrust the standard forward and cause the pursuing rate to move faster in the effort to overtake it is another set of influences which enlarge the interval by thrusting the pursuing rate backward. These cause the reward of labor to fall abnormally below its product, and they further check the increase in the product itself.

For the good of laborers their advancing rate of earnings should lag behind their advancing power of production only because this power receives, ever and anon, a forward impulse, and not because the actual rate of earnings receives a backward impulse. For their good, also, the amount of the lagging should be that which will have the greatest effect in accelerating the advance of both rates. Standard pay and actual pay are like a tug and its tow—the two do not move most rapidly when the tow line is very short, and neither do they move thus when it is extremely long. There is a certain length of line which gives the greatest speed, and so is there a certain amount of entrepreneurs' gains which, when they come from legitimate sources only, cause the most rapid advance in the rate of laborers' earnings and afford the most inspiring outlook for the future of the working class. Invent a new machine, discover a valuable substance, and you at once put the ultimate producing power of laborers higher, by a minute fraction, than it formerly was. The actual rate begins at once to move toward the higher standard, but long before it can overtake it productive changes occur in a thousand different places in the industrial system, the standard moves upward again and again, and the pursuit of the moving goal continues forever.

We can now very briefly examine an influence which, however it may effect the rate of progress of the standard of wages, certainly causes the actual rate to lag by an abnormal interval behind it. Monopoly is the general name of this influence, and it may be exercised by a class of capitalist entrepreneurs for their own benefit, or it may be in a like manner exercised by and for a body of laborers. It is a means of taxing the general body of independent producers. Monopoly may conceivably retard the rise of the standard of wages and at the same time cause the actual rate of pay to lag by an abnormal and increasingly long interval behind it.

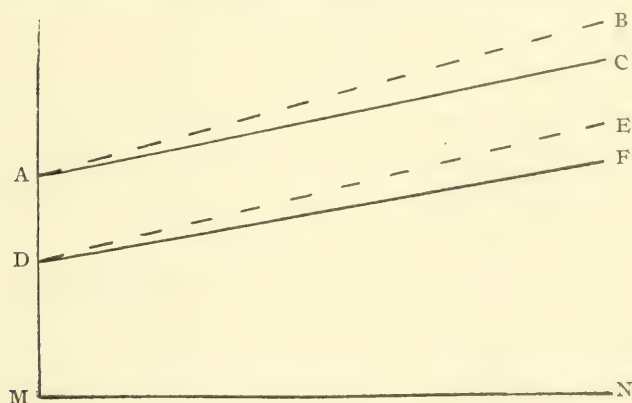


FIGURE 1.

In figure 1 measurement along the line MN expresses time and that along MA expresses wages. The dotted line AB , rising from the horizontal base line, represents the standard of wages as it would rise from decade to decade with natural rapidity under the influence of competition. DE represents the actual rate of pay of labor, rising, under competition, with the same rapidity as the standard, but keeping by a fixed interval below

it. *AC* represents the rise of the standard as it is retarded by monopoly, and *DF* represents the actual rate falling farther and farther below this depressed standard. This is the worst of the possible typical effects of monopoly. In this figure the lines are straight, since the rapidity of the rise of the standards and of the actual rates of pay may be treated as approximately constant during limited periods. The present studies do not afford the means of determining what changes in the rapidity of rise would actually take place.

It is conceivable, however, that monopoly may not check the advance of the standard itself, but may cause actual pay to lag behind it by an increasing interval, in which case *AC* would coincide with *AB*.

Again it is possible that the standard rate may rise with natural rapidity and that the actual rate may rise with the same rapidity, but may lag behind the standard by an interval that is constant, though abnormally large.

The case of temporary monopolies secured through patents scarcely comes within the limits of this brief study. It is peculiar in that the patents cause inventions to be made that would not have been made otherwise. In that case they have an effect that is represented in figure 2. The standard is made to rise at an accelerated rate; and though the actual pay of labor lags behind the more rapidly rising standard by a larger interval than, in the absence of patents, it would have lagged behind the lower standard, the rate of its rise is as rapid as is that of the standard itself. The interval is constant. From the first labor gains something as a consequence of an invention that would not have been made and applied if patents were not granted, and the amount of this gain is progressive.

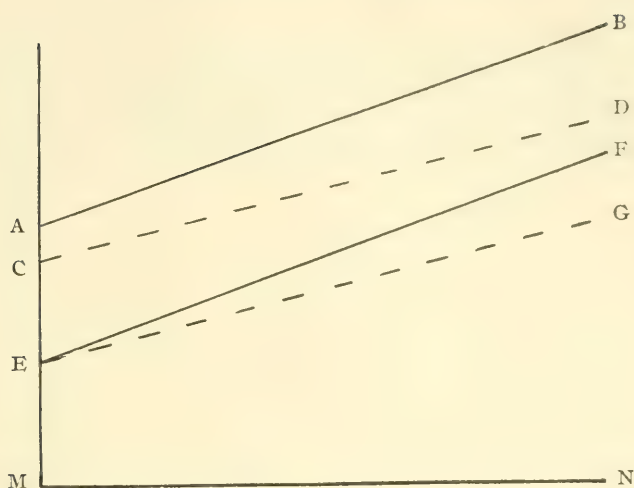


FIGURE 2.

MN, time.

MA, wages.

AB, rise of standard of wages induced by patents.

CD, rise of standard of wages unaffected by patents.

EF, rise of actual rate of wages induced by patents.

EG, rise of actual rate of wages unaffected by patents.

In so far as patents give a monopoly of inventions which would have been made in any case, their effect is illustrated by figure 3. They impose a fixed tax on labor, leaving the rapidity of the increase of its gains unaffected. Of monopolies of other kinds this is, in a general way, the actual effect under conditions that are attainable.

In so far as some consolidations which are more or less monopolies do, as a further change, make large economies, the total effect which they have on the condition of the great body of labor may be represented by still another figure. The facts to be expressed are: (1) that the consolidations use labor and capital efficiently, and so raise by an absolute amount the productive power of labor; (2) that they do not necessarily check

the rapidity with which inventions are made and applied, but do increase the rapidity with which capital is accumulated, and by so doing accelerate the rise in the standard of wages itself; and (3) that they cause

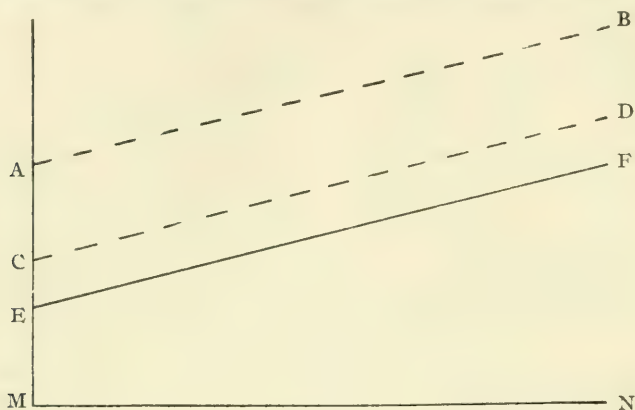


FIGURE 3.

M N, time.

M A, wages.

A B, natural rise of standard of wages.

C D, natural rise of actual wages.

E F, rise of actual wages under patents which do not increase useful inventions.

actual pay to lag behind the new standard by an interval which is absolutely greater than is the corresponding interval where no such consolidations exist, but which is approximately a fixed interval. This condition offers to labor a somewhat accelerated rate of increase of wages as an offset for the tax which, during a preliminary period, it pays to monopoly. This case is represented in figure 4.

In a rude and general way this figure describes the best results that can be hoped for in the near future as a consequence of consolidations of capital and of labor; but neither this result nor any approximation to it is to be expected unless the force of competition, at least in

that potential form with which we have become familiar, shall continue to work efficiently. Moreover, such efficiency of potential competition is not to be expected unless the regulating power of the state shall be effectively

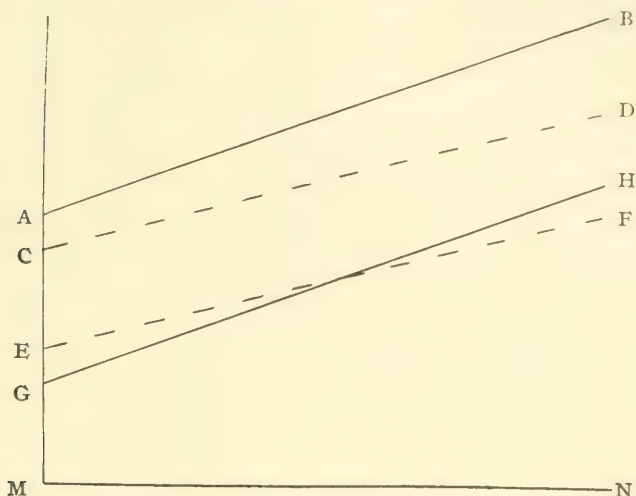


FIGURE 4.

M N, time.

M A, wages.

A B, rise of standard of wages under consolidation.

C D, rise of standard of wages in absence of consolidation.

E F, rise of actual rate of wages in absence of consolidation.

G H, rise of actual rate of wages under consolidation.

used. If it is not so used and if potential competition passes more and more into the realm of unrealized theory, labor will certainly experience a depression of its rate of pay which will carry it to an abnormal distance below the standard to which it should conform, and it will have reason to expect a retarding of the rise of the standard rate itself. This would mean both a sterilizing of productive powers at any one time and a partial paralysis of forces that naturally give to these forces, from time to time, greater and greater efficiency.

We must assume without argument that an increase in capital raises the standard of wages, that an increase in the number of laborers tends to depress it, and that the economies which result from invention and from efficient coördination of the forces of industry raise it. These causes alone might be expected to yield, as a grand resultant, a perpetually rising rate of pay brought about by a standard that is forever rising, and an actual rate that pursues the standard, though it remains by a nearly fixed interval in the rear.

What we have actually to deal with is these general influences complicated by the action of two kinds of monopoly which are showing a certain tendency to coöperate with each other. This brings us to the portal of a region in which doubtful questions of vital importance press upon us. The energy of particular industrial groups is turning more and more in the direction of making gains through some use of power which monopoly gives to tax other groups; but invariably do these gains mean a net loss to the community as a whole. There are "grabs" or perversions of distribution which reduce general production. The big establishment is economical by reason of its size; and if the power of competition, actual or potential, deprives it of the power to tax the community, it is as welcome as any other agency which increases the productive power of labor. In that case, however, it is only outwardly and apparently a monopoly, since it has not the power which genuine monopoly implies of limiting the supply of such goods as it produces and of excluding competitors from its field. What is most interesting and important is the question whether trade unions in themselves are in the way of producing genuinely monopolistic effects, and whether they are

beginning to coöperate with trusts in such a way that the two consolidations together impose on the public a monopolistic tax which neither could impose if it acted by itself.

In the case of an industrial group which includes both capital and labor the reduction of products means the thrusting of some labor into more and more sterile fields ; and it therefore involves a reduction of the earning power of this excluded portion of the working force as well as of all labor that was originally in those fields. The problem of presenting this is the problem of rescuing potential competition from extinction and of retaining it as an adequate regulator.

In the reducing of the output the trust may be aided by the laborer's union, provided that the union restricts the number of men who are allowed to practice the craft at all and also reduces the product that a workman is allowed to turn out. What it is most important to determine, on the basis of general principles, is how much a trade union is impelled to do in mere self-interest in the way of such exclusion and restriction. The limits of this paper preclude doing more in this connection than to advance certain theses which, as I claim, a fuller argument would establish.

1. The policy of limiting the number of men who are allowed to practice a craft is the most effective policy which a trade union that wishes to use the power of monopoly can adopt. It assists the employer in his effort to keep down the supply and to keep up the price of his product, and it enables the workers to force him to give them a share of the gains thus made.

2. This policy makes the workmen the antagonists of their employers in one part of the distributive process and allies in another part. They may fight the em-

ployers fiercely enough when the issue at stake is how much of what is extorted from the public shall be made over to labor ; but in making the extortion the interests of employers and employed are in harmony, and they are, as in a vague way the two parties are often called, allies and not enemies.

3. The policy of easy-going labor, by which the product is reduced, is designed to provide work for a given number of men now in an employment without increasing the amount of the product to a point at which the price would be reduced and the returns of the industry as a whole diminished.

4. This measure necessarily gives to the laborers in the trade smaller wages than they could get if they reduced their product in a corresponding degree by restricting the membership in their unions. By this latter plan it might be possible for each man to turn out more pieces of product and still get the same price per piece that he now gets.

5. The go-easy policy is, on general grounds, good only as a temporary expedient in the interest of the men already in the particular union that adopts it. It is always injurious to labor outside of the union which resorts to it ; and a system in which all labor were organized and in which each union were taxing the others by a curtailing of the product of its own work would be under the worst blight that monopoly in any form thus far suggested could cause.

6. The amount that can be gained by a monopolistic policy on the part of labor is limited, as is the corresponding gain on the side of capital, by potential competition. Make wages too high in the region where restriction and exclusion rule, and labor from without

will climb over the barriers which are erected to protect the favored territory.

7. Under a régime of potential competition the amount of gain that can be extorted by any policy of restriction and exclusion on the part of the capital in an industrial group may be described, in a general and approximate way, as a fixed amount. More than that amount extorted from the public, even though trusts and trade unions unite in the effort to get it, will bring into action labor and capital from the outer region into which monopoly thrusts them.

8. If we can assume a rate of rise of the standard of pay that is at least as rapid as it would be in the absence of consolidations of these two kinds, the result is a rise of the actual pay of the excluded labor itself which proceeds at an equal rate. Independent labor, paying its tax to monopoly, may find its gains still increasing from decade to decade. The fixed reduction of its earnings at any one date is of slight importance in comparison with the rapidity of the increase of those earnings. The length of the hawser that connects a tug and its accompanying barge is of little consequence as affecting the duration of the voyage of the barge across the Atlantic, while everything that affects the speed of the tug is of the highest consequence. Of vital importance to labor is the effect that consolidations may have on the rate of increase of its gains. Labor may pay a steady tribute to monopoly and still attain, in time, a standard of life that is encouragingly and even inspiringly high. If the standard can be made to rise even by a minute degree more rapidly than it would rise in the absence of consolidation, the fixed tax becomes, in the end, insignificant. With a fraction of a knot per hour added to its speed the barge that carries the fortunes of

working humanity may reach, by the end of the twentieth century, a remoter and happier port than it could have reached in the absence of those consolidations which through the whole intervening period will continue to tax it.

THE DYNAMICS OF THE WAGES QUESTION— DISCUSSION

JOHN A. HOBSON: I shall not dwell upon the large portion of the paper in which I am thoroughly in accord with Professor Clark, but shall confine myself to certain points upon which I differ from his interpretation. I am very strongly tempted to spend my ten minutes upon the question whether it is possible or not to make any estimate of the specific measure of the value of the labor of any individual working in coöperation with his fellows. Personally I am unable altogether to accept the view that it is possible, even with perfect fluidity of capital and labor, to say that the "marginal" laborer will get as his pay the amount which he actually produces, or that we have any means whatever of measuring what he does actually produce as an individual in a society so highly organized as that in which he finds himself to-day. My point is, to put it briefly, that we have no means of specific measurement. Professor Clark here and elsewhere bases his idea of this measurement upon the condition of marginal labor, and he says you can measure the productivity of that marginal labor. I am unable to accept that point of view. I do not think that the productivity and pay of the marginal laborer can be measured. In the first place we have to decide what determines that margin itself. Supposing the margin to be determined, we have, I think, no means of imputing a specific product to that margin; and assuredly if we could impute a specific product to that margin, we could not ascertain its value except by recourse again to the social forces

which determine this value, and which, therefore, determine the real pay of the laborer.

A slight example will make it clear. Suppose there are two men who are able to produce. *A* working alone can produce a product which we will call 2 in size. *B* can produce 2 working alone. If *A* places his labor co-operatively with *B* they may be able to produce 6. Now then either *A* or *B* may be treated as the marginal laborer, for it may not be profitable for them to attach to them a third man; and it is suggested that if you take away the marginal laborer, then the diminution of the product will measure his profits—his pay. *A* and *B* individually can each produce 2, but collectively they can produce 6. Treat *A* as the marginal laborer and take him away, you will reduce by 4 the product. Then, according to the theory under discussion, the marginal laborer produces 4. The same result will follow if you take away *B* instead of *A*. And if you add the two marginal products they will make not 6 but 8, which is absurd. If the argument is carried still further and applied to a more extensive organization of society, it seems to carry with it the result that you cannot compute the separate product of any skilled labor and that you cannot say its rate of pay, still less the rate of wages in the trade, is determined by the specific product of marginal labor. Business from the scientific point of view, I would suggest, is to be looked upon as an organic compound of capital and labor.

I would also like to say something about the claim on behalf of the entrepreneur. Is it a fact that the entrepreneur makes the great body of inventions? He certainly has the habit of collecting and utilizing them, but he does not as entrepreneur make the main body of inventions. Neither does he make the main body of

other industrial improvements. He is a middle-man in regard to these matters. Of course I do not pretend that the entrepreneur does not play an important part and does not deserve a certain share of the resultant gains, but he certainly does not in my judgment do all that is imputed to him here. The great accessions to our wealth are due not so much to monopoly of capital and labor and the organization of it as to specific applications of the natural sciences to methods of industry. That is to say, the work is commonly done by the servants of the entrepreneur who get a very small proportion of what would be equal in this theory to the actual value of the increased productivity which their labor creates. A great many inventions, including the greatest inventions of all, are not made for profit, and would be made if no profit attached to them. Those which do require some incentive of profit do not require the enormous profit which the entrepreneur is often able to take for them.

What Professor Clark has said upon the subject of monopoly and restriction I very largely agree with, and I am glad of the emphasis which he laid upon the fact that monopolies do tend to reduce general production; that it is essential to the man who wields the power of a monopolist that he shall reduce the total amount of wealth which is made and distributed in a community. Unless he can restrict the output in some way he is not able to raise prices and therefore make his monopoly good for his own profit.

I thoroughly agree with Professor Clark in his assumption that capital and labor are trying to do the same thing. Labor organized in trade unions has in itself a definite object of securing a monopoly of the particular labor market. It occupies itself in doing the

same thing largely by the same means as does the capitalist who desires to corner and hold for his profit a monopoly in a stated commodity. Of course the most important practical use of this paper turns upon the suggestion of Professor Clark's, and I think it a fruitful one, that we may be confronted with a joint combination of capital and labor.

It is not a mere theory, as Professor Clark has shown ; in England it has been in practice for a number of years with a certain degree of success in some trades. There you will find a combination of masters formally agreeing with labor unions to restrict the output, to raise prices, to distribute wages in proportion to profits, allowing the labor unions to have their own accountants to examine the books. Moreover the employees—and here is a most essential point—build up a fighting fund to keep outsiders from coming in. That has not always succeeded. In the trade where it started it failed after a long and very successful career, but in other trades it has been tried, and it has been suggested in the coal trade in England that the Employers' Federation and the Coal Miners' Union be organized upon that basis. If you consider that principle applied to one of the fundamental industries of the country, you will realize the significance of what I think is to be the next stage in the evolution of industrial order.

Favorable as I am to all these combinations, favorable as I am to the joint agreement which is suggested here in America as the most important means of harmonizing capital and labor, I want in concluding to say I do not quite understand what remedies Professor Clark really provides against the dangers involved in these trade monopolies. He suggests in one passage that state regulation may have some place, but later on towards

the end of his paper he suggests that there is some natural limit to the power of monopoly, viz., that outside capital and labor will be strong enough to break the barriers. It may and it may not. As the art of combination becomes better understood, it may become more difficult for outside labor to enter and get the highest profits and wages existing in the chartered area.

Finally, says Professor Clark, labor may pay a steady tribute to monopoly and yet contain in itself a standard of living encouraging and inspiring. Not by virtue of economic law will it be able to do this. Combinations do not ultimately make for progress. When they are perfected they check industrial progress. There are numerous examples to show the way in which a perfected combination will find it to its interest to keep out further inventions.

THOMAS N. CARVER: I am in rather a difficult position, feeling called upon both to defend the productivity theory against the criticism of Mr. Hobson and to attack it from another standpoint. If, for example, *A* working alone can produce 3 and *B* alone can produce 3, but working together they can produce 2, where is the marginal theory? Take away either one and you will increase the product. Now I do not conceive of this as in any way an argument against the productivity theory, for the simple reason that the conditions which I have assumed do not exist. That is, there is no community where the addition of one more worker would reduce the total production of the community. Neither do I conceive it to be a successful attack upon the productivity theory to point out that where *A* working alone can produce 2, and *B* working alone can produce 2, *A* and *B*, working together, can produce 6. This

illustration has no application to the question because these conditions do not exist in industrial society as we know it. There is no society to-day, so far as any of us know, where the doubling of the number of laborers would more than double the product. My understanding of the productivity theory is not that it is an explanation of everything that may possibly take place in the universe, but that it is an explanation of the wage system—an explanation of wages under existing industrial conditions, where the point of diminishing returns has long been passed, and where additional increments of labor produce less. Where these conditions do not exist I do not understand the productivity theory applies at all.

However, it seems to me that it is only by an unwarranted use or expansion of the term "productivity" that it can be adopted as a complete explanation under the present system. It requires too much refinement to reduce the wages of teachers or of street sweepers to a productivity basis. I would rather put it on the general ground that the price of any individual unit of labor depends, as does the price of almost everything else, upon the demand for it. One reason why the unit of labor may be wanted is because of the immediate utility of that labor, as in the case of the teacher, the singer, or the street sweeper. Another reason why the unit of labor may be wanted is because it will add to the value of the piece of material upon which it is expended. It is in such cases alone that the productivity theory in strictness applies. The more value a given unit of labor can add to the material upon which it is expended, the more it will be wanted; and the less value it can add, the less it will be wanted; and consequently the more it can add, the higher price it will demand in the market.

It seems to me that when we consider that there are other shares in distribution besides wages, there may remain profits even though the wages do actually correspond to the standard which determines them under static conditions—that is, provided other shares lag behind, provided the share of capital, as the share of the owner as distinguished from that of the manipulator of capital, lags behind.

Again I am by no means certain that the tendency of inventions and improvements in production will necessarily increase the marginal productivity of labor or increase its value. Statisticians have attempted to show that wages have actually increased in the last fifty years, and with some degree of success, though even here I believe the increase is not so apparent in the lower grades as in the higher grades of labor. I do not know of any one who has thought it worth while to show by statistics that the welfare of the capitalist class has improved in the last fifty years. The tendency of improvements, I should say, is primarily in the interest of the owners of capital. They get the chief benefit in the end. The manipulators, those who handle the capital, get the profit in the first place, which gradually distributes itself, an almost microscopic part going to increase wages and the main part going to increase the general income of the owners of capital.

What is a labor-saving device except an opportunity for the use of more capital than could have been used before? It is sometimes urged that the labor-saving device lessens employment, but it is also a product-increasing invention, as has often been shown, for when a labor saving device has come in and a product has been cheapened, much more is used; and therefore, though it

takes less labor to produce a given unit of product, so many more units will be used that really more labor is employed in the long run. That is true in a much greater degree of capital. That is, if the enlargement of the consumption of the article increases the employment of labor somewhat, it increases the employment of capital in a much greater degree.

These inventions and improvements have made possible the employment of vast funds of capital which could not have been employed at all if the inventions had not been made. Those who are in the best position to avail themselves of the opportunity which inventions create for using more capital are those who are in a position to supply capital, that is, those whose incomes are sufficiently large to enable them to save and furnish that supply. So here, as elsewhere, the tendency is to give to those who already have.

It seems to me that one very important feature of the dynamics of the wages question lies here. The tendency is, as I have said, sometimes to crowd the man who competes with a machine and does the kind of work that a machine can do. When he is crowded by the introduction of a new machine, he may be forced in a sense out of that trade into a higher kind of labor. When thrown out of a job he may take the trouble to acquire a higher kind of skill. If he can he is benefitted. If he can not he is crowded downward rather than upward. Laborers will gain more in the long run, I should say, by following this line of least resistance upward and getting out of those occupations and trades where they are coming into competition with machinery and getting into those which compete less with machinery. In the long run, when the general trend of labor is upward, when they are continually learning to do a higher kind of

work, then we can expect better conditions for the laboring classes. I have much more hope for labor from this direction than from any other.

EDWARD A. ROSS: I am very glad that Professor Carver brought out the fact that a labor-saving machine is a machine that saves labor and therefore diminishes the demand for labor of a certain kind. Along with the technical progress of our time there has been an unquestionable improvement in the condition of those who furnish labor; but I am not sure that the one is a cause of the other. The real cause is, in my judgment, the *extensive* progress that has so characterized the latter half of the nineteenth century. There have been drawn into the circle of exploitation of civilization enormous quantities of new lands which have been occupied by thousands of men, who, without the intervention of an entrepreneur, have raised the standard of wages, first for themselves, and later for those who stayed at home. There is no doubt that the settlement of Australia, New Zealand, western America, and Argentina have cut down the rentals of European landlords and raised the wages of even those laborers who remained in Europe. The effect of intensive progress, *i. e.*, labor-saving inventions, upon the status of labor is not clear, because in the last two generations the extensive progress has been even more marked than the intensive progress. If, as seems likely, the enlargement of the circle of opportunity by the occupation of new lands is to slacken ere long, we shall soon see whether or not the enlargement of labor-saving inventions will inure to the benefit of the man who has nothing but his labor to dispose of. There is hardly any doubt that laborers are prudent when they object to the importation of coolies in large numbers.

They would be prudent in objecting to the importation of slaves in large numbers; and from a class point of view it might be quite rational for them to deplore the introduction of iron slaves in large numbers, that is, of machines. It seems to me that we are a little hasty in assuming that necessarily and as a matter of course the mechanical improvements which lessen the labor cost of production benefit the man who has nothing to sell but that kind of labor, and who is not an owner of capital.

JOHN B. CLARK: I will accept Professor Carver's defense of the productivity theory, adding that even in the case suggested the test which the theory applies gives an approximately accurate result, since it measures the amount of the possible error. Profits are a lure to inventions, and it is not necessary that they should accrue to the persons who make them. Even though they go to others the fact that these other persons can utilize them creates a market for the inventions, and, in a secondary way, furnishes an incentive to the inventor.

I have not ventured in my thirty minute paper to try to prove my most comprehensive conclusions, and shall not discuss general remedies for monopoly, though I have some of them in mind. I have concluded, though, that labor *may* get a rate of wages that is encouragingly high, provided that certain effective remedies are applied. I do not say that it certainly *will* get such wages. Much depends on public policy and on the successful application of certain measures which I have not time to hint at. The claim that profits might exist if labor moved so quickly to the point at which wages were exceptionally high as to take from the entrepreneur the fruits of its own productive power,

provided that capital did not move with corresponding rapidity, I will concede. The entrepreneur would then transiently hold, as profit, a part of the product attributable to capital. What I had in mind, in the brief statement I made, was that circumstances which would enable labor instantly, as if by the touch of a button, to be transferred from a point of low productivity to a point of high productivity would also transfer capital with equal rapidity.

DISTRIBUTION BY A LAW OF RENT

CHARLES W. MACFARLANE

In following the argument by which Professor Clark has sought to establish his theory of distribution by a law of rent, the present writer has encountered more than one serious difficulty. Indeed so serious do these difficulties appear to be and so important is any contribution from the pen of Professor Clark that the present writer has been persuaded to submit to the Association a paper that may seem like a belated review of the "Distribution of wealth." No objection will here be urged to certain concepts established by Professor Clark that may be regarded as the premises upon which his theory rests. Instead it will be urged that the confusion in the mind of at least one reader is due to a lack of correspondence between the conclusions reached and the premises upon which they are based. We will first attempt to state the premises as succinctly as possible.

Possibly Professor Clark's most important single contribution to economic science is his clear exposition of the difference that exists between the two concepts to which the term "capital" is indiscriminately applied in common usage. If I invest \$100,000 in a manufacturing plant, the average business man will regard both the \$100,000 and the plant in which it is invested as my capital; and yet that they are essentially different concepts can readily be shown. In time the machines in which I have invested this money will gradually wear out; hence if the business is to be regarded as successful, it must give a return sufficient both to replace those machines and to give a net surplus above this amount.

In a word, my capital of \$100,000 must remain intact while the machines or the concrete forms in which I have embodied this fund are constantly changing. Any confounding of these two concepts must result in some confusion of thought; and so Clark has suggested that the term "capital" be confined to the permanent fund, while the concrete forms or machines in which it is at any time embodied he would call "capital goods."

The importance of this distinction cannot well be overrated. Indeed all hope of clear thinking about the problem of interest rests in last resort on a clear and persistent recognition of the difference between these two concepts. Let us therefore pause long enough to note two other peculiarities of the constant or permanent fund of capital. We saw that in a successful business the returns must be large enough to replace the machines as they are worn out. The money thus returned may be invested in similar machines or in entirely different machines or even in an entirely different business without in any way impairing the permanent fund of capital. In a word, we can think of this permanent fund as being mobile or capable of embodiment in any concrete form or capital goods that we may desire. This also carries with it the condition that while the capital goods may vary as to form, the permanent mobile fund of capital is absolutely homogeneous. And so while capital goods are wearing out and lack both mobility and homogeneity, the capital invested in them is a permanent mobile homogeneous fund.

The same distinctions may likewise be established in regard to labor. As Karl Marx long since pointed out, there is an abstract and a concrete labor. This distinction rather vaguely apprehended by Marx has been clearly set forth by Clark. Here, too, there is both a

permanent mobile homogeneous fund of labor and the concrete forms of weaver, blacksmith, carpenter, etc., in which this fund is embodied. If Clark had made no other contribution to economic science, the clearness with which he has established this distinction would give him an assured place as one of the keenest and ablest thinkers in this most difficult field of investigation.

Again Clark has placed every student of the problem of distribution under obligations by his masterly exposition of Von Thünen's suggestion that interest and wages are set by the product of the last dose of capital and labor or by their marginal productivity. Entire clearness on this point was impossible in Von Thünen's times because the distinction between capital and capital goods, or between abstract and concrete labor, had not as yet been clearly worked out. Once this distinction was clearly established, it became manifest that it is the earnings of the abstract funds of capital and labor that are set by their marginal productivity. The supply of such capital first seeks investment or embodiment in those capital goods which yield the greatest return. As these more profitable fields of employment are exhausted, the remaining capital is constrained to find employment in the form of less and less profitable capital goods. If the supply of capital were unlimited, its employment would be extended until it ceased to yield any net return; but as a matter of fact its supply is limited, and hence its employment stops at a point where there is still a net return. As it is a mobile homogeneous fund, no part of it can secure a greater return than any other part, and hence the earnings of this entire fund are set by its marginal productivity. If I borrow money and invest it in different forms of capi-

tal goods, the capitalist from whom I borrow it could not get any more for the thousand dollars invested in a very profitable loom than he could get from a like thousand dollars borrowed from him and invested in the much less profitable or marginal lathe. In a word, it is the least profitable or marginal employment of capital that fixes its earnings in all employments. Any excess above this that may be derived from a particular investment is retained by the entrepreneur against all claims of the capitalist.¹ In brief, then, interest is the earnings of capital as a "permanent social fund," and is fixed by the marginal productivity of that fund. On the other hand any excess above this level rate must be credited to capital goods, in the form either of rent or of profit. If the interest we have in mind is this marginal or level rate, then its transmutation into a differential gain or rent is likely to give trouble to even the most careful reader. To the present writer every such attempt seems to involve an ignoring of that fundamental distinction between "capital" and "capital goods" which lies at the basis of all of this part of Clark's reasoning. It will be necessary, therefore, to follow Clark still further in his statement of the case.

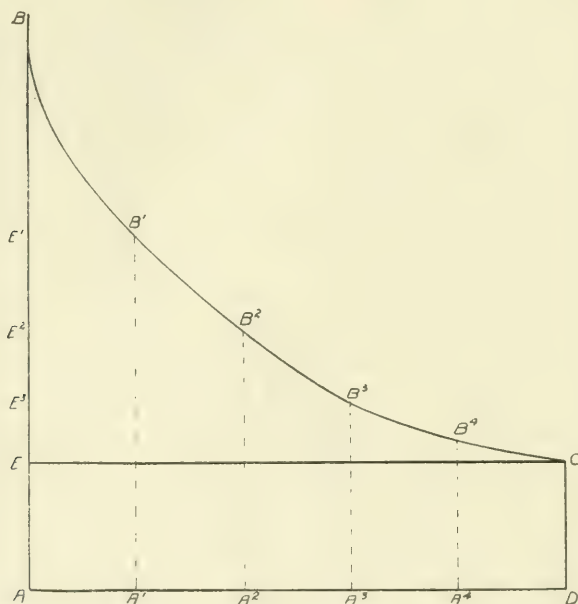
"The true method," writes Clark, "of obtaining a law of distribution is not, therefore, first to eliminate from the earnings of society the element of ground rent, and then to try to find principles that will account for the remaining elements: it is to eliminate what is not rent,—namely, pure profit,—by reducing society to a static condition, and then, by use of the rent law, to account for all that remains."² It is this attempt to reduce all shares

¹ By a like bit of reasoning it might be shown that wages, as the reward of the abstract fund of labor, are set by the marginal productivity of this fund.

² *Quarterly Journal of Economics*, 1891, p. 289.

in distribution except profits to a rent form that we must now examine with more than ordinary care.

Clark elsewhere writes, "The differential gain of labor as applied unaided to fertile land, offers the clearest illustration of the different incomes that can be measured by the Ricardian formula. It is the type of all the rents. Labor, as thus applied to land, is subject to a law of



diminishing returns. Put one man on a quarter section of land, containing prairie and forest, and he will get a rich return. Two laborers on the same ground will get less per man; three will get still less. . . . If, however, our farm is isolated and the workers are a society by themselves, and if there are ten of them to be employed, we shall set them all working and pay to each of them as much as the last one produces."¹

¹ *Distribution of wealth*, p. 192.

"Let us measure the number of laborers by the line AD , and the product of successive increments of labor by AB , A^1B^1 , etc. If we give to these lines an appreciable width, so that a series of them will fill the entire figure, $ABCD$, that area will measure the product of all the labor and all the capital in our illustrative agricultural community. The capital is virtually all in the form of land; and we are now able to attribute to the land that part of the product which, in effect, it creates."¹

For reasons that seem good and sufficient to himself, Clark regards land as one form of capital goods and at the same time he here assumes that the auxiliary capital in the form of tools is so small in amount as to be a negligible quantity. Under these assumptions "The capital is virtually all in the form of land." $ABCD$ is the total product of labor and land, and what labor can claim is its marginal product CD multiplied by AD , the number of units of labor force. From this it follows that what the landowner can secure is the total product $ABCD$ minus $AECD$, equal to ECB . We will not here trouble ourselves with the equity of this distribution, but instead will follow Clark in the further development of his argument.

He continues,² "For a fixed area of land read, now, a fixed fund of permanent social capital. It is at this moment an exact sum; and it will, as it were, prolong the conditions of this moment, remaining at exactly its present size. The artificial instruments are, of course, perishing and renewing; but, if there is no need of changing the form of the capital, a worn-out instrument will be replaced by another that is exactly like it. A hoe will replace a hoe, and a ship will succeed a ship;

¹ Distribution of wealth, p. 194.

² Distribution of wealth, p. 197.

and the new instruments of production will be exact duplicates of the old. This would be clear in a completely static condition. We are, however, to introduce labor, increment by increment, into this general field of industry; and this, of course, compels such a change in the forms of the capital as we have already described. The amount of the capital remaining fixed, the instruments become more numerous and cheaper, as the force of labor enlarges."

"Labor, applied to the whole fund of capital, in land and all other instruments, is now subject to the law of diminishing returns. The first unit produces the amount AB , the second produces the amount A^1B^1 , the third creates the quantity A^2B^2 , and the last the quantity DC . This last amount sets the rate of wages, and the area $AECD$ measures the amount of wages. It leaves the amount expressed by the area EBC as the rent of the fund of social capital. *All interest is thus a surplus, entirely akin to the rent of land, as that is expressed by the Ricardian formula.*¹ it is a concrete product, attributable to the agent that claims it is an income."² Clark then reverses the condition and assumes that labor is fixed in amount while capital is added in successive increments. In this way he endeavors to show that wages likewise are a differential gain or rent. He writes, "The Ricardian formula may be employed to describe the earnings of the whole force of social labor; for wages, in their entirety, are a differential gain. *It is one of the most striking of economic facts that the income of all labor, on the one hand, and that of all capital, on the other, should be thus entirely akin to*

¹ The Italics in this and other passages in this paper quoted from John B. Clark are not in the original.

² Distribution of wealth, p. 198.

ground rent. They are the two generic rents, if by that term we mean differential products; and the earnings of land constitute a fraction of one of them."¹

Now if it can be shown that interest is a surplus entirely akin to the rent of land, it will hardly be denied that the earnings of the other mobile homogeneous fund (labor) may be reduced to a like differential form or rent. I shall therefore confine myself to the question: Has it here been shown that interest or the earnings of the *permanent fund of social capital* can be reduced to the rent form? In a word, is it true, as assumed by Clark, that the differential surplus here represented by the triangle *ECB* corresponds to or in any way represents the earnings of the permanent fund of social capital? So far as I have been able to follow his reasoning, Clark has failed to show any connection between the two phenomena. On the contrary every attempt to show such a connection seems to involve an ignoring of that distinction between capital and capital goods upon which he has so strongly insisted.

Clark reproduces² therewith in a simplified form the diagram by which he has sought to show that interest and wages are differential surpluses. In Fig. 1 interest

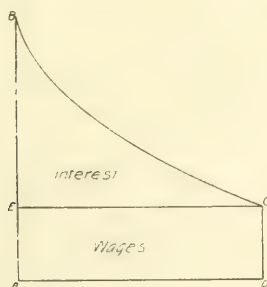


FIGURE 1

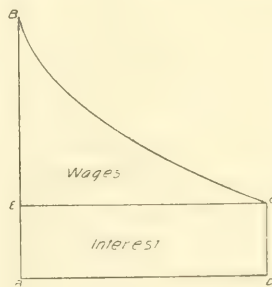


FIGURE 2

¹ Distribution of wealth, p. 191.

² Distribution of wealth, p. 201.

is shown as a surplus "that is of the nature of rent;" while in Fig. 2 wages are made the "surplus that is akin to rent." Now what we want especially to note is the fact that Clark regards these as the diagrams of a *static* form of society. He writes, "These amounts together [interest and wages] make up the whole *static income* of society." He also writes, "Profits have no place in such *static* conditions. The two incomes that are permanent and independent of dynamic changes are the products respectively of labor and capital." Again he concludes the summation of this entire chapter as follows: "The *static* conditions assumed in the present study preclude the existence of entrepreneurs' gains." It is clear, then, that Clark regards these as the diagrams of a static form of society, and that profits, being the result of dynamic changes, can find no place in these diagrams. The question that now confronts us is: Is this the correct interpretation of these diagrams?

Clark has elsewhere shown that with a given technical development there is always a certain ratio of capital to labor that will yield the greatest product. Disturb this ratio and you introduce dynamic conditions. The now scarcer product is put at a premium, and so can secure a larger share of the total product than it could under normal, or as Clark puts it, static conditions. This premium is the "pure profit" which leads to an increase of the scarcer element until the normal ratio is again restored. Hence when we add successive increments of labor to a fixed fund of capital the diagram representing this fact is no longer the diagram of a static society. Clark elsewhere¹ recognizes the fact that we have introduced dynamic conditions when we

¹ Distribution of wealth, p. 275.

enlarge one factor while the other remains constant. He writes, "It may seem that we have been outside of the strict limits of a static science, whenever we have traced the process of increasing the social capital." He dismisses the difficulty, however, by saying that "Throughout this volume we have allowed ourselves to observe changes that directly bring about static adjustments."

But is it open to us thus lightly to ignore the reintroduction of dynamic conditions into our diagram? Is it at all allowable for us to add successive increments of labor to a fixed fund of capital, and yet continue to say that our diagram includes nothing but wages and interest? In a word, does not the reintroduction of dynamic conditions compel us to find some place in our diagram for that "pure profit" whose "existence is precluded" only under the assumption of static conditions?

Is it true that in Fig. 1 the supply of capital is assumed to be fixed in amount? Clark has frequently associated this idea of a fixed fund of capital with the static concepts, as when he writes, "The static assumption itself precludes all increase of capital."¹ But why, it might be asked, should not the static assumption preclude all increase of labor as well as of capital? Again it might be urged that even the capital in Fig. 1 has ceased to be static the moment that labor has taken on dynamic conditions, for with any disturbance of the normal ratio both factors become dynamic.

In describing a static society Clark writes: "Tools and materials might never change; they might not alter, either for the better or for the worse, the amount of wealth that industry would yield. Social production

¹ *Distribution of wealth*, p. 340.

can thus be thought of as *static*.”¹ Again he writes:² “A worn-out instrument will be replaced by another that is exactly like it. . . . This would be clear in a completely *static* society.” In a word, it is here clearly recognized that constancy in the concrete forms of capital is an essential condition of a static society. Yet in this same connection Clark writes: “We are, however, to introduce labor, increment by increment, into this general field of industry; and this, of course, compels such a change in the form of capital as we have already described. The amount of capital remaining fixed, the instruments become more numerous and cheaper, as the force of labor enlarges.”

Now if constancy in the form of the capital goods is an essential condition of a static society, then the above assumption of a change in the form of the instruments to suit the increasing supply of labor is an abandonment of static conditions so far as capital is concerned. And so, whether from the standpoint of an increasing supply of labor or of changing forms of capital goods, our diagrams (Figs. 1 and 2) represent dynamic conditions, and this despite the fact that in Fig. 1 we have assumed a fixed fund of capital. “Heroically theoretic,” writes Clark, “is the study that creates in imagination a static society.” But it may be asked, can we thus justify a study that adds successive increments of labor to changing forms of capital, and yet continue to think of this as a static society?

If Figs. 1 and 2 are the diagrams of a dynamic society, it follows that they must somewhere contain that “pure profit” which Clark has declared to be the sign and token of such a society. We have seen that a disturbance

¹ Distribution of wealth, p. 28.

² Distribution of wealth, p. 197.

of the normal ratio gives to the scarcer factor a monopoly advantage. Hence in Fig. 1, where labor is added in successive increments, it is capital that enjoys this monopoly advantage or in some way secures that "pure profit" which is always to be found in a dynamic society. Now as Clark has elsewhere written, monopoly inheres in the concrete forms but not in the abstract or permanent social fund. Hence if *ECB* represents the entire earning of the capital employed, it must at least include the "pure profit" or the monopoly surplus secured by those who control particular concrete forms of capital goods.

We are further confirmed in this view when we note that in his attempt to show that interest and wages are differential surpluses, Clark has been compelled to assume that each addition to the supply of labor is accompanied by a change in the form of the machines, tools, or capital goods employed. If the number of laborers is very limited relatively to the supply of capital, then this capital will be embodied in concrete forms that effect a great saving of labor. As the supply of labor increases, these concrete forms are transmuted into others that are less efficient as labor-saving devices. Or, while the amount of capital remains the same, it is embodied in less and less efficient forms with each addition to the supply of labor. In other words, the differential gain represented by the triangle *ECB*, Fig. 1, would seem to be due to variations in the form or efficiency of the particular machines, tools, or capital goods employed, and not to any variation in the mobile homogeneous fund of capital embodied in these particular capital goods.

DISTRIBUTION BY A LAW OF RENT— DISCUSSION

ALVIN S. JOHNSON : It appears to me that a careful examination of the terms employed by Dr. Macfarlane and those used in the system which he declares to be antithetical to his own will disclose that the essential difference is not great. In this I may be led astray by my own desire to harmonize the substantial contributions of Dr. Macfarlane with the results of Professor Clark's analyses.

I can see no reason why a disciple of Professor Clark should deny that wages and interest are marginal and normal surpluses, as Dr. Macfarlane maintains, while still holding that from another point of view they are differential incomes. If all land were of like quality, but of limited quantity, and if we fixed our attention upon the relation of one piece of land to another, no differential income would appear. But if we apply labor and capital, dose by dose, the earlier doses will be more productive than the later, and the total return to land may be analyzed into differential surpluses connected with the earlier doses. Again land is alike after it is once brought under cultivation, has required different degrees of sacrifice in its appropriation, and is ultimately limited by the fact that at a certain point the return to land is a bare recompense for the sacrifices of appropriation. The rent of land is a normal surplus, in Dr. Macfarlane's terminology, as well as a marginal surplus; but it would still be a differential return from Professor Clark's point of view, and would be held to be such by all who accept as valid the intensive law of rent. Dr. Macfarlane would term rent any price-determined income; Professor Clark, any

income which is differential in the sense that return to land, analyzed by the intensive law of rent, is differential. No one would claim that interest and wages are rents in Dr. Macfarlane's sense of the term.

By profits Professor Clark means an income originating in an excess of productivity of one unit of industrial agency over and above the productivity of a like unit which is in a position of average advantage. It is a transient income, and is price-determined. In Dr. Macfarlane's view profit may be shared by all units alike. If the return to capital is such that the marginal capitalist receives a reward more than sufficient to cover the disutility of abstinence, in this sense all capitalists receive a profit. It is a price-determining income, and cannot be taken away by competition. This income Professor Clark would call an integral part of interest.

It is true that the diagrams employed by Professor Clark represent a dynamic and not a static state. But that such a representation may *explain* a static state may be shown by the analogy already employed. Assuming that all units of land are alike in quality and situation and that all units of labor and capital are alike in their efficiency, a truly static description of income would show marginal incomes only. No differentials would appear. But if we desired to show how it is that land came to yield a rent, our method of procedure would be to assume that land was at first abundant, while labor and capital were relatively unlimited. We may then trace the effects of increase of labor and capital. At first the product attributed to labor and capital may be very great while that attributed to land is zero; but with each increase in the former agents, a part of their productivity is apparently transferred to land.

As to profits it is legitimate to assume that Dr. Macfarlane intends the term to convey the same significance that it bears in Professor Clark's analysis, since he uses it as a quotation. In this sense of the term, profits do not appear if all units of capital and labor are equally productive after the change as before it; and if competition of entrepreneurs is unrestricted, it is conceivable that labor may increase without creating any misadjustment in the relations of different units of labor and capital, as Dr. Macfarlane admits. It is surely no less conceivable that the new labor might be so distributed as to create no misadjustment which would result in pure profits. In reality it takes an appreciable time for competition to apportion new labor. After each increase in the supply of labor, then, a profit will appear. This, however, is just as true in the case of an increase in labor and capital upon land. When the marginal dose makes it possible to reduce the earnings of all earlier doses, it is the entrepreneur who first gets the product of which the earlier increments of labor and capital are deprived. Competition, however, soon conveys this product to the landlord. The differential income which makes up the rent of land represents a series of products which were first received by the laborer and capitalist, then by the entrepreneur, and finally by the landlord. When conditions of perfect competition are restored, however, that differential income contains no element of profits. In exactly the same way the differential income representing interest in Professor Clark's diagrams contains no element of profit, although profits arise with each successive increment of labor. This, it seems to me, is the obvious way of accounting for the absence of profits in the diagrams under consideration.

Dr. Macfarlane has given us what he considers a more satisfactory way of accounting for this fact, alleging a confusion of capital and capital goods. If, as it appears, he wishes to account in this way for the existence of profits in Professor Clark's sense of the term, he must assume that after the change some capital goods will be more productive than others containing an equal amount of capital. At any rate the illustration by which he seeks to make clear the difference between capital and capital goods seems to imply that this is his position. Now it is obvious that the assumption of perfect competition precludes the possibility that some capital goods will be in a monopoly position, just as it precludes the possibility that some units of capital will be more productive than others.

SIMON N. PATTEN: The topic we have before us has been discussed in too complex a way. We have in reality two problems; one having to do with the facts of distribution, and the other with the principle or law of distribution which is said to be the law of rent. What do we mean when we say "distribution by a law of rent"? We must deal with the problem in a historical way, and must, therefore, take the terms as they have developed in our science. I differ from the preceding speaker when he said that if we know the terms of a particular writer we can determine whether he has been logical or not. That is not the question. The question is whether or not in a century's development there have been advancements made in economic theory, and if so in what particulars the rules of distribution are in advance of the rules of fifty or seventy-five years ago.

What was it that made the rule of distribution so important? In England seventy-five years ago there were

three social classes; the landlords, the capitalists, and the laborers, and it was a practical question, one of real importance, to determine the income of any one of these three classes. We have, therefore, to decide whether or not this class or that class was justified in its income. The real point at issue was whether or not the income of landlords had the same justification as the income of the other classes. That was of tremendous importance, politically and socially, because at that time the whole political power of the English nation lay in the hands of the landlords. The result of the agitation was the reform bill of 1832. We have since then added something of importance to our knowledge, but in how far will it have a practical value in any of our social problems? How can we determine whether any one income is justifiable or not? There is but one practical conclusion, and that is that either all incomes are by the law of rent not justifiable or every income is equally justifiable. In either case we do not have a theory of distribution, as some classes must by it be placed in a better position than other classes. It seems to me that we do not get from the increased use of mathematics any benefit for economic theory, any basis on which increased knowledge can throw new light on the present distribution of income in our country.

MR. SWIFT: It seems to me that Professor Patten has given an interesting explanation of the economic problem. We have a law of rent which defends the landlord class, and it is the duty of the economist to work out an economic theory which will upset this state of affairs. It appears to me, therefore, that political economy up to that point does what the two classes in power desire it to do. Consequently at the present day if a new

power can in any way be produced we shall have a new political economy. The power of the capitalist will not give us the change because the capitalists have large fortunes by manufacturing, etc. If any element whatever comes forward and pulls away the capitalist class as the socialists propose to do, the economist would be in duty bound to work out a theory of society which would justify this act. And moreover, because the competing power would be in the hands of a new class, they would do it as they have done it twice before.

CHARLES W. MACFARLANE : In reply I would say that this is not at all a question of terms or of the definition of terms. Define rent and profit as you please, the fact remains that throughout the discussion Professor Clark has characterized interest and wages as static incomes ; and yet in the diagram of the earnings of a *dynamic* society he divides the entire return from production between these two *static* incomes. Any reasoning based upon this treatment of the diagram of a dynamic society must be in error, since such a diagram must somewhere contain those surpluses which are peculiar to a dynamic form of society—and this no matter how these latter surpluses may be named or defined. Nor can we escape the difficulty by admitting that this is the diagram of a dynamic society and by then holding that by an effort of the imagination we here employ it to illustrate static conditions. For by no legitimate exercise of the scientific imagination can we divide the total income of a dynamic society into interest and wages or into static incomes. It is this that must invalidate every attempt to show, by means of this diagram, that interest is a differential gain or rent.

Again, since the differential variation in the income depends, by confession, upon variations in the efficiency of the tools employed, there would seem to be good ground for concluding that the triangle marked "interest" really represents the dynamic income or the earnings of "capital goods" as distinguished from interest *per se* or the earnings of the permanent social fund of "capital."

THE UNION AND THE OPEN SHOP

HENRY WHITE

A well-known employer has said, "The existence of unions shows that we have not done our duty as employers." This candid remark has been repeated as though it explained the cause of the existence of labor unions. If this explanation be true, then the trade unions are only temporary expedients whose mission is fulfilled when the grievances that brought them into being are redressed. That seems plausible as a quick and off-hand solution of the perplexing labor problem.

If we investigate more closely, however, we find that the movement of the wage-workers has quite another aspect; that while ill treatment has something to do with its existence, it only partly accounts for it. It is seen that this phenomenon is world-wide, that it is social as well as economic, that it is peculiar to all countries where the modern productive system exists, that it is as pronounced in localities where the conditions are most favorable and where the workers are skilled and well paid. The student soon ascertains that the unions represent a working class struggle, a striving upward of that great useful element in society which, with the single exception of the guild period, has always been mute and defenseless. The labor union movement implies an orderly effort, not only to wrest concessions from the employer, but also to secure recognition from society. It is a movement which seeks to change the present standards by which the laborers' share in production is decided, and disputes the right of the employer alone to determine what fair treatment should be. This distinction is fundamental, and is the differ-

ence between democracy and autocracy. In reality it is industrial democracy that the unions aim at, and it is that which brings them into harmony with the world-wide tendency of the times. The individual members may not be conscious of this purpose, but such is the effect of their action. The mere coming together of the wage-workers to consult is a departure that leads to far-reaching consequences.

What the employer whom I have referred to had in mind was the old conception of just treatment by simply giving his employees what he in his own opinion could afford. A sweater can offer the same reason. An employer who does not contend that he is paying as much as his business will allow would be a curiosity. Furthermore, no matter how good an employer's intentions, he can not allay the discontent with economic conditions; and owing to the limitations of competition, it would even be beyond his power individually to concede to his workmen conditions substantially better than prevailing standards. So we see that the problem is not a matter of the liberality of the individual employers, but of general conditions that can be improved only by a uniform upward pressure which the wage-worker himself must apply. In doing this he must encounter the opposition of employers, who naturally object to being disturbed, and who resent interference with their time-honored prerogatives. It does not follow from this situation that the unions are arrayed against capital and that they are naturally hostile to employers as such; it is simply a condition that must be met. There is really no way of knowing what an employer can afford to pay or of deciding what an equitable division of the joint product should be except by means of this forcing process and the balance reached as a re-

sult of such contention. The friction is largely overcome where employers appreciate this function of the union and are prepared to treat with it, not as something to be afraid of, but as a necessary factor in industrial progress. It would not handicap the employer disposed to be just to have a minimum rate of wages upheld, for it would improve his position as a competitor.

Such a recognition of the working class struggle is involved in the union shop, for it expresses the willingness of the employer to treat with his men on terms of equality and to allow them representation. The great consideration is to permit workmen to have a voice in the shop—to have some control over the conditions of employment. The recognition of that democratic principle means more to the worker than reading rooms, baths, and pension funds, which, under the guise of benevolence, undermine the independence of the employee. A manufacturer noted for that kind of philanthropy told me that it makes unions unnecessary.

We now approach the most sensitive part of the question, the status of the non-unionists. In order to maintain their position in the shop, the union men are obliged either to exclude the non-unionist or to induce him to join with them. A partly organized shop, one that is called "free" or "open," is untenable, for either the non-union men will in time have to join the union or the union men will be obliged to withdraw. They are incongruous elements, and one or the other in time must give way. The unionists have cause to feel that they are at a disadvantage working side by side with the non-members, who receive the favor of the boss and prevent concerted action on their part. Besides, unless all employees are bound by an agreement, the employer could

eventually replace the union workmen by men who make individual bargains.

Consider the case of a shop in which the workmen, in order to present a just demand, unanimously organize and succeed in their contention. Then suppose they do not insist upon the exclusion of non-union men. In time the union men forsake the union or are superseded by non-union men. Disorganization follows, and the old conditions are restored. Under the stress of a common grievance they again organize and gain their object. Unless permanent organization is maintained by the majority's refusing to work with delinquent members or objecting to the introduction of non-union men, their previous experience would be repeated indefinitely without making headway. The presence even of a single workman acting independently serves to frustrate the purpose of all. This is the heart of the question. Let those whose sensibilities are offended by the harsh methods resorted to put themselves in the workman's place and tell us what they would do.

In applying ethical standards, existing conditions must be considered. If all workmen understood their interests and acted consistently, the disagreeable features of labor unions would be unnecessary. It is the same deficiencies common to humanity that make governments coercive, but this sort of coercion we accept habitually. It is not an ideal condition where the pay of the artisan is measured by his resisting or offensive strength; nor is it so where Jones is made to work for less than his services are worth because Smith, who is more in need of a job and willing to live on less, can be induced to accept a lower wage. The best situation is where both sides are so strong that neither can afford to ignore either the claims of the other or the influence of

public opinion. This is the condition favorable to arbitration.

When a union undertakes to exclude workmen from membership,—action which, in a state of thorough organization, is equivalent to debarring them from employment in their trades,—it wields a power which is public in character and which subjects it in the exercise of this power to the judgment of public opinion. The unions are therefore called upon to justify their actions in every case of exclusion or expulsion from the union.

Unions are showing an increasing consciousness of their responsibility in this respect by providing rules of procedure and courts of appeal. This is perfected where national unions have control over local unions. The national executive boards are directed by their constitutions to entertain appeals, thus eliminating the personal considerations which actuate local unions. It is incumbent upon unions to act generously toward offenders, so as to reduce as far as possible the number of workmen debarred from the union. In fact it is to their larger interest to do so, otherwise the disqualified men would so increase as to threaten the union's position.

The mooted question arises as to how far the unionist can properly go in influencing the non-unionist. The right to persuade no one will deny, although courts have essayed to interfere with it. The right to ostracize or to refuse to associate with craftsmen who are indifferent to their common welfare is questioned. If that be wrong, then it is equally wrong for professional men to shun others of their calling accused of "unprofessional conduct." It is also wrong for merchants to taboo other tradesmen who disregard the ethics of their business. It would in fact be wrong for any one to refuse inter-

course with another because of misconduct. Ostracism has always been a potent moral force, moral because peaceful and because depending upon the coöperation of others. It is perhaps the strongest influence in upholding social standards.

I do not wish to be understood as favoring the coercion of the non-unionist, because I recognize that labor unions must be founded upon the voluntary consent and good will of a majority if they are to endure; but some forcing is unavoidable in the movements of great numbers, especially in an aggressive movement that has immediate objects to attain and in which the interests of all are closely allied. It cannot be expected that the mass, that is, the organized part, will wait for the consent of every individual before it moves, the same as in the case of nations. Those who stand in the way of the rest have got to step aside or join the procession. Even those who may disagree with the policy of the majority can influence its course by acting with it. Where the majority, however, becomes oppressive and there is no hope of correcting its policy from within, it becomes the duty of even the dissenters to withdraw for the time being by way of protest, and should that be ineffective, to form another union in opposition to it, but always with the idea of eventually creating unity. The harmony that now pervades the labor movement is the result of the secessions and revolts against bad and corrupt management. Such means have always been the safeguard against tyranny and wrong tendencies, and the improvement in methods of government is chiefly due to the same means.

The methods by which the non-unionist is driven into the union seem arbitrary to those unacquainted with the circumstances, seem like a denial of his

personal liberty to force him to join against his will, seem a coercing of the employer into driving employees into the union against his interests. As a matter of fact, however, the non-unionist has nothing to say for himself; the employer alone is solicitous about his independence, and for motives easily divined. The scruples that the non-unionist is supposed to have against joining the union evidently exist only in the mind of the employer, for when the non-unionist finds his way into the union he becomes as zealous as the rest. He finds that instead of losing his liberty he actually gains it, and that he shares equally in the benefits of the improved conditions secured through the efforts of the others. Workingmen, knowing what actuates the non-unionist, disregard the delicate considerations which arouse the indignation of outsiders. They know that workmen remain aloof from the union, not from conviction, but for no other reason than indifference and short-sighted selfishness. Usually it is due to a doubt as to the willingness and ability of other workmen to act together; and consequently when the union succeeds in inducing the employer to compel them to join or leave the shop, they feel as though a union able to accomplish such a miracle is strong enough to benefit them.

Opinions concerning the rights of the non-union men that do not take into account his relations to other workmen and the conditions which surround them are bound to be erroneous, just as are discussions of the status of an individual without regard to his relation to society. A workman entering a modern shop is at once made subject to uniform rules and conditions. His pay is determined by what the others get; should he work for less it would serve to depress the wages of the rest. His lot is cast with his class, and his paramount duty,

therefore, is to support their solidarity. The workman who wants to work for less wages has lately received much attention. That remarkable being has not as yet been put in evidence. If there be such a person, he ought to be made the subject of a sanity expert, rather than the subject of discussion by political economists.

The resort to violence by workmen is not to be tolerated, and from an economic standpoint it is unwise. Physical force is inconsistent with the benevolent purpose of the labor movement; and if successfully employed, would be emulated by other workmen and would lead them to rely upon it rather than on the moral strength of their cause. A movement dignified by exalted aims and inspired by the brotherhood spirit, if it depended upon brute force as a means, would soon degenerate into a mob. The provocation to use force is intense under the trying circumstances of a strike, the same as it is among ordinary citizens when their indignation is aroused through some outrage; but to indulge in it would justify the antagonism of society, compelled, as it is, to protect itself against such aggressions. The supreme aim of organized society is to make personal vengeance unnecessary, to diminish the necessity for physical force, to make reason and justice govern human affairs. It is true that the labor movement, owing to its newness, is still to an extent held in distrust by society; its welfare, however, would be best served by winning public favor, and to gain that favor it must merit it. This view I am sure is supported by every labor official; it is incumbent upon them not only to disavow any sympathy with lawlessness, but also to convince the membership that they do not secretly approve of it even where it may appear to serve their ends.

I do not intend to make a lawyer's plea for the union, to emphasize its good points and hide its weaknesses. The labor movement possesses such elements of strength that its deficiencies can be candidly admitted in order that they may be more readily corrected. To seek to destroy unions because of their defects would be like attempting to abolish government because of its abuses. The unions with all their faults represent a forward stride of the human race. They cultivate a spirit of self-reliance and mutual assistance which ought to more than compensate for their faults. Their shortcomings are the shortcomings of the average individual of which they are composed. While some of their actions cannot be defended on economic grounds, it may be said that workmen only share in the general ignorance of economic principles, and that they are merely enabled through organization to give effect to the opposition to improved methods. The hardships caused by inventions fall more heavily upon them, and they naturally regard them from the standpoint of their temporary and immediate interests rather than from the point of view of society.

To prevent excesses of the union is a grave question. It is to the likelihood of abuse of the power so suddenly placed in the laborers' hands that the distrust of unions is due. Those who suddenly acquire power are unable to measure its limitations or to realize the responsibilities that go with it. This much, however, can be said to allay this apprehension: As the unions become stronger and gain in experience, they tend to conservatism, and their rashness is but the evidence of crudeness. The hard and stern conditions confronting them can be relied upon to keep them within bounds. The employers, when hard pressed, can seek refuge in com-

bination, and they have shown themselves to be as capable in that respect, at least, as the workmen. The problems which they raise are but the problems of democracy. Where people try to assert and govern themselves they become troublesome. The simplest condition is despotism, political or industrial; it consists merely in allowing someone else to decide what is best for yourself. Democracy is the stormy sea over which the bark of humanity must sail. Better progress under such difficulties than the dead calm of subjection.

FREE SHOPS FOR FREE MEN

WILLIAM H. PFAHLER

The recent rapid increase of membership in labor unions has brought to the front the demand for a "union shop," which is being forced upon the employer whenever and wherever he is too weak to resist it. The manufacturer or employer of labor who resists this demand is said to have an "open shop"; and it is well to consider this feature of the struggle between employer and employee, with regard to the conditions created, but without sentiment or sympathy for either side. An "open shop" is a term quite common among employers, but it would have no significance were it not for this demand of the labor union to close the shop to all but union men and to prevent the employer from hiring *free men* who prefer to control the sale of their own labor according to its value, rather than at a price fixed by a body of men whose purpose is to create a standard of wages based upon the ability of the incompetent workman, or more frequently upon the emergency existing at the time such wages are fixed. The union claims that the efficient or skilled workman will always receive more than the standard wage; and while this may be true so long as there is one more workman in any craft than is required, when the condition changes so that there is a surplus of men, the incompetent is discharged, the wage of the skilled man is reduced to the standard which was fixed on a false basis, and often even lower than that, while the place of the incompetent workman is supplanted by machinery.

It is for this economic reason that a very large number of the best mechanics refuse to join the union, pre-

ferring to remain *free men* until *forced* by "persuasion," which is the only means allowed by the laws of the union, but which may be physical if moral will not answer the purpose. The last resort of the union in this direction is to demand a union shop, so that the employer, by refusing employment to a free man, or by discharging such a man if he continue to refuse to join the union, shall assist them in their persuasive purposes.

It is this action on the part of the union that compels the employer who prefers, in the purchase of labor, to make no distinction as to his employees other than such as follow natural laws to contend for an "open shop," often at great cost and severe loss to himself, and to maintain that condition, regardless of the union demand. That he is right in doing so cannot be questioned; it is the true American condition that every man shall be free to seek employment wherever and under whatsoever conditions he may prefer, without regard to his politics, his religion, or his affiliation with organizations based on principles which he cannot endure.

The opposition to the labor union to-day is not the objection to organized labor, but the objection to the methods employed by unions to force conditions and create ideals conceived frequently without due knowledge of existing facts, and especially objection to the secrecy in which all their plans are made and executed. The opposition of the employer to labor unions does not arise from any desire to prevent the accomplishment of their efforts towards the improvement of the condition of the workingman; the intelligent employer knows full well that the highest efficiency can be attained only by such improved conditions. He does object, however, to the attempt of the union to sustain in secret, by

approval and applause, unlawful acts on the part of its individual members, even though these acts are in public denounced and claimed to be contrary to the laws of the union.

I have yet to find a rule of any union which provides for the punishment or expulsion of a member because of any criminal act that he may commit, even though convicted before a jury, if such act has been exercised against an employer who has refused to grant the demands formulated by the union in secret conclave. On the other hand I do know of cases where the union, out of funds contributed by the membership, has paid fines of large amounts inflicted upon its members by courts before whom they have been convicted for crime committed against the employer or against some *free man* who refused to remain idle at their dictation.

Another mistake of labor unions is that they endeavor to think and work along one line only—that is, to define and demand the rights, as they conceive them, of the workingman, but never to attempt to define his duties; to define and demand the pay of the workingman, but never to define the equivalent in labor he shall furnish for such pay. This is the fact to such a great extent that the employer can very easily see in the action of the union the embodiment of the sentiment and the so-called principle which caused it to say, or at least to imply by its actions, that the employer has no right which the union is bound to respect.

I have outlined these conditions of the labor union as they exist and are presented to the employer that I may more clearly give you his reason for opposing the union shop and refusing to become a party to the attempt to create such conditions, while at the same time he may be in favor of organized labor and not only ready but

anxious to confer at all times with its representatives upon any subject which is within its jurisdiction and the consideration of which will result in mutual benefit to employer and employee.

The difference between a union shop and an open shop can be clearly defined as a difference in management. In the union shop the union, without invitation, with no endorsement as to its qualification, for no ostensible reason except to exercise accidental power, attempts to limit the owner or employer in the exercise of his right and judgment as to the proper use of that which is his and to put the workingman under the dictation of a walking delegate or shop committee. The open shop, on the contrary, is free to all, to the union man as well as to the non-union man, and places no restrictions on the employee which he is bound to accept.

In no case with which I am familiar has the demand for a union shop been accompanied by a proposition for benefit to the employer, except perhaps that he may, by conceding to the demand, hope to avoid the persecution of the local union to which his men belong. On the other hand the change from an open shop to a union shop gives the union entire control. And if the members in secret conclave decide, because of a hot-headed leader, to enforce a rule in the shop which is unwise, unfair, and detrimental to the interests of the employer, the ultimatum is a strike, the closing of the shop, and loss in time, money, and often property. Is there any wonder that the employer elects to have the strike which preserves his liberty, rather than that which must be made to restore his liberty?

The demand for the union shop presents to the employer the following dangers which are incorporated in the written or unwritten laws of almost every labor

union: (1) The surrender of the privilege of selecting his employees to a committee who recognize no standard of efficiency but membership in the union. "No card, no work" is the rule. (2) The necessity of discharging old and faithful employees who claim to be free men and who refuse to join the union. (3) The discharge of the foreman or the superintendent who, in the performance of his duties, may have offended the walking delegate or shop committee. (4) The limitation of apprentices to a ratio established by the union in many cases fifty years or more ago and retained in force regardless of any change in conditions or requirements. (5) The opposition to the introduction of labor-saving machines, designed in most cases to relieve the skilled man from the strain of labor and to increase his efficiency with reduced energies, as well as to increase production in ratio to the wants of an increased population and to reduce the cost to the consumer. (6) The limitation of the earning capacity of the industrious and ambitious workingman to the standard of the lazy and incompetent. (7) The obstruction to every plan of premiums or promotion which may encourage a workingman to increase his skill and better his condition. (8) The limitation of output by every means in the power of the union, on the principle that if every man will do less there will be more for every other man to do.

I am sure that the leaders in labor movements will promptly deny that the union stands for anything that I have enumerated; and I am willing to admit that some of them with whom I have had negotiations are opposed to every unlawful or unwise action of the union over which they preside, and have denounced such acts as freely as I do; but they can not, or will not, everise the power to prevent them, because under the unwritten laws they are considered fair and right. A noted

economist has well said, "without impugning motives of leaders or factors who have brought them about, it is widely felt that the mere existence of vast consolidations, whether of men, money or power, has in it the possibility of mischievous, if not disastrous results, and the impulse to restrain them by law is undoubtedly growing and will ere long bear fruit."

One of the greatest mistakes of labor unions, as shown in the demand for a union shop, is the belief that the present rapid increase in numbers is an endorsement of the principles and acts of the union; but in this I am sure that the leaders are mistaken, because in times like the present the idea of consolidation or coöperation to secure any purpose is rampant, and men flock to any standard, whether right or wrong, if it suggests a change and promises future benefit in loud tones, just as millions of voters a few years ago followed the lead of a man who would have wrecked the entire financial condition of the country, followed him because he went thundering through the land telling the workingmen that free silver was the change they needed to improve their condition. The real hard fact as seen daily by the employer is that the numerical strength of most unions is in ratio to the force employed in recruiting, rather than to free will on the part of those who join. Thousands of good honest workmen join the union to purchase at a small cost freedom from insults—to protect their families from ostracism and themselves from bodily injury. In addition to this, many more thousands are driven into the union by the unwise actions of employers who deny the right of labor to organize for its own benefit and who refuse to confer with employees or their representatives upon such questions as may be of benefit or mutual interest. The very best recruiting agent for labor unions to-day is the proud, defiant, ego-

tistic employer or accidental corporation manager who shouts continually, "I have nothing to arbitrate."

I make these statements from an employer's standpoint, based upon practical observation; and if I am wrong in any particular, it is because of the secrecy with which unions are conducted. Until that secrecy is removed they must be content to be measured by the things they do, and not by what they profess to do. I make these statements, not as the enemy of organized labor, but as its warmest supporter. I also advocate organization of employers, and gladly see such organizations springing into existence. The earliest associations of manufacturers were formed for "defense against the unjust demands of labor unions." To-day the object is to promote just and equitable dealings between employer and employees.

When these great organizations of employers on one side and employees on the other meet to contest their supposed rights or carefully formed demands, they will be compelled to recognize that greater organization, the American public, which is determined that contests of this nature shall be settled with deference to its rights, and that future attempts to stop the wheels of progress shall meet the fate they deserve.

I favor organization. Having been closely in touch with progress along these lines, I feel sure that the day is near at hand when labor leaders who stand for justice and equity between employer and employee will have the honest support of all employers. The result will be a union shop for which no demand need be made, a union shop which means union between capital and labor, which means harmony and profit for both; but more than that, a union which by its combined coöperation will conquer for this country the markets of the world.

PROBLEMS OF ORGANIZED LABOR—

DISCUSSION

SAMUEL B. DONNELLY : I shall endeavor to give you briefly the conclusions I have arrived at from my experience with the "open shop" as an officer of a local trades union and an officer of an international trades union for a number of years. The first is this, that the "open shop" as commonly understood and commonly pictured by the press and the employers of the country does not exist; that if such conditions could be established and if such relations existed, labor unions would be unnecessary and men would not organize. Ninety per cent of the establishments recently classed by their owners as "open shops" were classed by the officers of the unions in the particular towns as strict union shops or closed shops.

The principal argument that is advanced in favor of the "open shop" is that the union has no right to dictate to the employer as to whom he shall employ, that the union has no right to compel a non-union man to join the union against his will. Let us consider, first, whence the great body of non-union men in the country are recruited. Fifty per cent of them are non-union men because of accident or circumstance, men who have no particular antagonism to the union, but who as a result of apprenticeship in country towns in non-union offices have never come into contact with trade unions and have never realized their benefits and are uninterested in the union problem. Twenty-five per cent consist of professional strike breakers and the semi-criminal class of workmen. The great number of those who are classed as "strike breakers" by the labor organizations

are men employed one year as detectives and the next as book canvassers, men who are in various precarious employments and who come to the front every time a strike occurs for the immediate benefit and for the premiums that are paid for men to fill shops. The class which I would designate as "semi-criminal" is composed of those who have been expelled from trade unions for embezzlement, the larger number coming from unions which maintain great benefit systems and which every year suspend a certain number of men for endeavoring to defraud the benefit funds of the organization. The other twenty-five per cent consist of incompetents, men who have been unfortunate through sickness and have fallen into arrears and disappeared.

It is unnecessary to call to the attention of the first class the benefits of unionism in order to induce them to organize. The twenty-five per cent who are the professional strike breakers and those who cannot comply with the reasonable and honorable regulations of the organization are most objectionable, and the cause of all the friction and all the difficulty. The remainder is made up of relatives of the employers and of friends of the bosses and of the superintendents, all passive to unions. The man who is pictured as defending his rights as an American citizen and as being aggressive and positive in any way is very hard to find, because a man who is competent to defend non-unionism is too intelligent a man to be a non-unionist.

I cannot imagine with what unions the employers and the press of the country who picture the bad features of organization so strongly have come in contact. The older organizations, I emphatically state, do not restrict the output; they have not opposed the introduction of machinery; they do not specify the men who shall be

employed in shops; they do not in any respect assume to control or in any way to interfere with the rights of the employer except on the point of wages and hours of labor.

The statement is made and generally believed except by those who have closely investigated the situation that the ranks of the unionists are filled with incompetents, and that a minimum wage scale is fixed for these incompetents. Investigation, however, will prove to any one that the greater number of incompetents in any trade are in the ranks of the non-unionists.

The question of "union shop" involves simply the question of what is union control. If, as is generally represented, the unions specify—and the unions generally do specify the amount of work each member and each mechanic shall perform—if they specify who shall be employed, who shall be discharged, what profits shall be made, then unions are not properly conducted; but such conditions do not exist except perhaps in isolated cases and where men are employed in special trades or new industries.

It is true that the men have made exorbitant demands, and such demands are treasured up by the employers and used against the unions. Five years ago the electrotypers' organization in New York came out in a sympathetic strike with the printers. During that strike a magazine publisher succeeded with non-union labor in producing fifty plates. When the question of settlement was discussed, the electrotypers' organization demanded that those plates be destroyed and new plates made by union men. After a consultation with the other unions the demand was withdrawn, but to this day we hear that demand every time we go into conference. These men must be excepted. The trade union-

ist cannot comprehend how men of intelligence and of experience are continually misrepresenting the attitude and the demands of trade unions, representing the union shop as something that should not be tolerated, as a shop with a dynastic government in which the union absolutely dictates and a man has no control over his own property and is denied his personal liberty.

The attempt of a particular union to organize a non-union shop of course involves very serious problems. It involves the right of the union to send men into the shop to work as non-union men, to talk with the men on every occasion, and gradually to form the nucleus of an organization. The conduct of the unions in these cases has been severely criticised, but in no instance has it been shown that any criminal act has been performed. I assert positively, moreover, that in all instances where, in the settlement of disputes, non-union men have been admitted into the organization in great numbers it has been without their being told by the employer that they must join. My experience is that the instant it becomes known that an employer is thinking of unionizing his shop or his office, the officers of the unions are besieged with applications from all these men, and never do they stand out except in the case of the semi-criminal class. Why men should maintain that shops are open when they know they are either union or non-union is hard to understand. It may be for the reason as given in New York city some time ago, that the employers like to give excuses in order to "save their face."

I want to say conclusively that the union man does not intimidate, does not tyrannize, does not specify the number of men to be employed, does not limit the output, does not oppose the introduction of labor-saving machinery, but simply enforces and carries out the le-

gitimate objects of organization. When it is so generally admitted that a trade union is a good thing, I can not conceive how any man will engage in a crusade against trade unionism.

When the union man is in difficulty, he goes out on strike, invariably thus placing all he has in the world in the balance. If the strike is lost he knows perhaps it means the loss of home and savings, the breaking up of the family, and the seeking of employment in a strange and distant place. When the non-union man is affected, in ninety-nine cases out of a hundred when it becomes with him a question of joining the union or of surrendering his position, instead of sacrificing for his employer he seeks the officers of the union and makes known to the union his wish to join. That is the rule. Now can there be with him any great question or principle involved? Has he not been educated in the same school as has the union man? Is he not the same type of American citizen as is the union man? Will he jeopardize his personal interests as the union man will for the sake of his personal liberty or what he considers his rights? No. That should conclusively prove that this non-union man who fights for the open shop is a myth, a man of straw only, fighting on certain occasions for the purpose of influencing public sentiment, if possible, against the organization of labor.

ERNEST F. DU BRUL: There is a provision in the building trade agreements in Chicago which covers that point, and that is that the non-union man shall be paid the same rate of wages as the union man. The unions there agree to work with non-union men.

The employers to-day are not opposed to the union because it is a union; they oppose the results of mismanagement. As Mr. Marburg says, we must consider

the question of individual liberty. I will read you one union's rules as to individual liberty: "Members shall not seek employment from shop to shop if the business agent has no job. If a member desires to go to a certain shop where he thinks he can get employment, he must first notify the business agent, who will advise him what wages to demand. If the business agent requests a member not to seek employment in a shop that he desires, he must comply with the request" or be subject to fine. All unions do not have those rules, but such are the things we are fighting. Such rules make the business agent a veritable autocrat, and abolish personal liberty. These are things we must recognize. We can and will take care of the non-union man, because he must be cared for.

It is not the aggregations of capital into corporations or trusts but the organization of employers into employers' unions that will solve the labor question. Such organizations may result in joint agreements which will be unbroken only when the employers' associations are strong enough to punish every violation by the union. There is little organization of employers today, and I believe that this is why most troubles arise. I do not believe that any trade agreement will ever amount to anything under any other conditions. Such is our experience in the machinery trade. We had an agreement with the machinists' union which we claim they broke, but which they claim we broke. [A voice, "Probably both right."] The reason it was broken was because the machinists could not or would not deliver the goods; they could not or would not remove restrictions on production and management which their officers agreed should be removed only as a consideration for shortening the working day. If the time comes

when the employers and the employees are both organized, there will be no fight, but there will be an armed truce.

JOHN E. GEORGE: Collective bargaining requires for its successful operation an effective organization of employers on the one hand and of employees on the other. The question before us in the present discussion is, Are employees justified, however, in their endeavor to control by their unions the labor engaged in the various industries? Mr. White's thesis is that while the coercing of non-union men into becoming union men may seem arbitrary from the employer's point of view and from the non-union man's point of view may seem an abridgment of personal liberty, such a course can be justified on the ground that unanimity of action and a spirit of solidarity must be secured among the workmen if they are to advance their interests. Moreover, since the best interests of all are promoted through organization, it is held by union men that to permit union and non-union men to be engaged in the same shop works against the best interest and highest efficiency of the union. Such means must be used, therefore, as may be proper to bring about the conversion of non-union men. Such, I believe, is the view held not only by Mr. White but by trade unionists in general at the present time. Moreover the organization of employers and the consolidation of capital make it necessary that trade unionists employ the same methods for their own protection by supporting one another and arranging a collective bargain with their employers. In endorsing the general proposition that in our present industrial régime it is necessary for workmen to develop strong organizations in order to be able to make an equitable contract for the sale of their labor,

I do not want to be understood as endorsing means that are sometimes used to attain those ends. The line of demarkation between the proper means and those which should be condemned has, in general, been well made by the courts, and need not be described here.

It may possibly add to the clearness of the discussion and to a better understanding of the problem, however, to point out some of the difficulties attending the organization of labor which are sometimes overlooked. In the first place the property which the trade union seeks to control in effecting an organization of labor is quite different from that which the employer seeks to control in effecting a consolidation of industry. Any attempt to organize and consolidate labor in order to control its sale means an attempt to secure concerted action among all the possessors of labor, all of whom are free human agents with different ideals and varying standards of living. An attempt to consolidate the capitalistic means of production, on the other hand, seeks to control property which is entirely separate from the owners of it and which can be freely bought and sold in the open market. This distinction should be kept in mind as explaining, in a way, why there must apparently be greater interference with personal liberty in the trade union program.

The fact of different standards of living among men working in the same trade is an obstacle which opposes a complete organization of labor. The trade unionists are rightly regarded as the middle class. Above them are the experts, in no particular need of organization. Below them is a numerous class whose standard of living is lower, but who are constantly coming into competition with the skilled trade unionists as machinery makes

possible the employment of less skilled labor. This lower class of laborers is being continuously recruited from the ranks of immigrants. So long as the difference in standards of living is great, so long will the relations between union and non-union men be acute. These immigrants, content with a lower standard of life, underbid their predecessors in the field.

In prosperous times, when there is demand for all the labor that can be had, any gain made by the trade unions are shared by the non-unionists, who for the time being often become members of the union, because union men refuse to work with men who are not members and do not receive union wages, and rather than have a strike the employer is induced to pay the union scale of wages to all. When, however, a falling market appears, with a reduction in wages and a decrease in the number of laborers, this lower class accepts the reduction first, and secures the employment. I was informed recently by one of the largest shoe manufacturers in Chicago that at present, while the factory is running to its fullest capacity, practically all the employees are members of the union and are receiving full union wages, although in ordinary times not more than forty per cent of them are trade unionists. Rather than have a strike through the union employees' refusing to work with the non-union men, it is to the interest both of the latter class and of the employers that the non-union men should become members of the union. The manufacturer stated further that if changed industrial conditions should make it necessary to cut down expenditures, the aggressive trade unionists would be discharged, while sixty per cent of the employees would abandon union standards and accept such employment and rates of wages as would be offered.

Such are some of the problems of union and non-union labor. It would probably be a distinct gain for the members of a trade if when times of depression came they could hold together the larger organization effected during prosperous times, face the economic situation, and accept such reduction in rate of wages as might be actually necessary, and then be in a position to secure more quickly any advance in wages to which they might be entitled when improved conditions returned.

Trade unions are coming more and more to be recognized by employers as a permanent part of the industrial order. In many trades in Great Britain the employers prefer to make terms with the trade unions which shall apply to non-union workmen as well, rather than to make terms with each of the classes separately. It is coming to be recognized as good policy to deal with some form of organization, and more and more to make that organization responsible, so far as may be, for meeting the obligations that have been assumed by it for the workers in the trade it represents. Although there will always be more or less friction between trade unionists and non-unionists, a friction which will be increased in our country through the immigration of workmen of lower standards of living, the problem will tend to become less difficult as employers treat more and more with the labor organization as the agent for the labor it would control. With the increase in power which trade unions thus attain they must more and more be held responsible for their part in the joint agreements with the employers, and sooner or later they will probably be required to become incorporated bodies, so that they may be held legally responsible for their acts.

ISAAC HOURWICH : I do not believe that there is any one in this assembly who is in favor of the use of violence in the settlement of labor disputes ; but since a great deal has been said about acts of violence committed by men supposed to be affiliated with labor unions, I think that it will be in order for me to mention a case of violence committed by men supposed to be in sympathy with employers. I wish to bring before you the recent outrage committed in Tampa, where the mayor of the city was kidnaped, put on a vessel, and removed from the city. And why ? Because he favored organized labor. This case in Tampa is not an isolated case. In another case a small committee of vigilants composed of employers of labor kidnaped the leaders of a labor union, put them on a vessel, and finally landed them on an island where they nearly starved until they came across an Indian village. Such acts are prohibited by law. The kidnaping of the mayor was a plain act of revolution, yet I have not heard that anything was done to punish the criminals who performed that act.

The subject of the incorporation of labor unions is a broad one. However, I wish to deny the necessity of incorporating labor unions in order to make them legally liable or responsible. A labor union can be sued in court whether it is incorporated or not. Labor unions have been sued before. I have no time to prove this proposition, but any one who has studied the rudiments of law will know that under the rules of equity practice which have been embodied in the codes of civil procedure there is no necessity of a union's being incorporated before it can be sued. The question of incorporation, therefore, ought to be left entirely to the discretion and judgment of the labor unions.

HUGO BILGRAM: I wish to say but a few words in criticism of the papers read. The first paper contains the assertion that trade unions are based on democratic principles. As a matter of fact, trade unions endeavor to dictate the contract between their members and a party who does not desire to be a member of the union, the employer. Even if he wanted to be a member, he would not be allowed to join. He has, therefore, no vote in the dictations of trade unions. This policy is not democratic but despotic.

The statement has been made that those workmen who do not desire to join unions are men who either do not realize the benefits conferred by unions or are criminals or incompetent men. According to my experience, in my trade the greater portion of the best workmen object to joining trade unions. I merely say this as a rejoinder to statements that have been made on the other side.

STUART WOOD: I wish to correct the erroneous statement of Dr. Hourwich that the mayor of the city of Tampa had been kidnaped and removed. The fact is, it was the mayor of a small, poor village in the vicinity of Tampa who was deported.

JOHN A. HOBSON: I want to make one point with reference to the alleged dictation of labor in trying to compel an employer to employ only union labor. An individual who wants to sell his labor power has, I presume, the right to sell that labor power upon any conditions which he may lay down. The purchaser of that labor power is likewise free to accept or to refuse to purchase that individual's labor power on these conditions. Is that freedom not to be extended to the sale of a lump

of labor, or collective labor power, which through one of its representatives offers to sell itself to an employer? If I am an individual I have the right to say that I will sell my labor power on condition that I am not to work with obnoxious persons. That is precisely the position of the persons who have combined to sell their labor power in a lump instead of selling it individually. A collective bargain is surely no dictation if it places certain restrictions on its sale. The employer is perfectly free to refuse to buy that collective labor upon these conditions. If he is strong enough he is perfectly at liberty to say, "No; I don't care to buy that lump of labor power on the condition that I am not to employ in these works any non-unionists." If he takes that point of view he will have to employ non-unionists exclusively in his business, and if he is strong enough he may prefer that course. Where does the dictation come in?

DELMER E. HAWKINS: Intelligent men welcome and encourage, rather than oppose, collective bargaining or any other kind of bargaining which places wage labor in a more favorable position for the betterment of its conditions. I maintain, however, that the question of the open shop or the union shop involves a far deeper question than mere "method of bargaining." It involves the question of personal and civil liberty.

There cannot be, it is said, any middle ground between a shop that is wholly union and one that is wholly non-union. All intelligent men who understand the great benefits derived from the union, it is said, are anxious to enter the union; if men outside are so stupid as not to appreciate the benefits of unionism, then they had better be made to join. Organized labor and organized

capital are here to stay. Both are capable of accomplishing vast good, and it is the business of the economist to show that the freedom of labor and the freedom of capital and business ability are the fundamental economic questions involved. The liberty of labor cannot be sacrificed, no matter what the object, purpose, or policy of labor unions; there can be no permanent advance of labor except on the basis of liberty.

I know from personal investigation that actual unionism in Syracuse, one of the most completely unionized cities in the United States, does not correspond with theoretical unionism as set forth in Mr. White's paper and in other addresses. Labor is very often coerced into the union. Employers are terrorized and are forced to become coconspirators with the unions in driving men into the unions or out of employment. I could give hundreds of examples of this tyranny of the union. Many have said to me, "I hate the union, I hate its despotism; but it was union or starvation." Business men in almost every city of this country know thoroughly well how unionism has overstepped its proper limits and invaded the rights of the employer and of the employee.

FRANK O'CONNOR : I want to add a few words to the discussion which has taken place. I want to say that the union shop makes a better article, produces better and cleaner conditions, and preserves the public health. The public servants whom we call factory inspectors do not visit the open shops—mark this, for it is important—do not visit the open shops with such regularity and make such clean breasted reports as they do in the union shops, where there is a moral force back of the report that goes to the public. If you will visit the cigar factory conducted by the cigar trust at

Eleventh and Washington avenues, where that fearful panic took place not long ago in which many children were killed and injured, and will then go to one of the trade union factories that make cigars in Philadelphia, and note the conditions, the moral tone, the standard of living of the two sets of employees in these factories, I will leave you to judge whether coercion or any of the other charges that have been made are going to interfere with the great trade union movement. I want to insist as strongly as I can that if there is to be an agreement between the men who work in a place and the man who is conducting the place, taking into consideration that third great factor, the public, which is to receive the goods made in that place, then there cannot remain a force that does not stand responsible to somebody. If the men choose to combine, choose to ask their employer for certain terms, they are bound by the agreement they make with their employer. But this third force, this non-union force, are responsible to no one; they need sign no agreement; they are not morally bound to keep an agreement that is signed. They are leeches hanging to those who are making sacrifices.

The American stands for a high ideal. He makes many mistakes, but he has reached the top of the ladder because he is broad enough and brave enough to assume responsibility for these mistakes. He says, "I am aiming at something, and if you give me a chance to govern myself I will try to do what is best." The trade union to-day is aiming for precisely the same ideal in the shop that you stand for in social and political life. It is trying to better conditions. The non-union man is an American citizen without an ideal. I have found one or two good mechanics in my own trade who have refused to join the union, but the majority of the non-

union men I have met have been negative men, without enough backbone to assert themselves. One charge against the union is "no card, no work." How do you judge a citizen? If a man comes to our country and does not take enough interest in our affairs to be naturalized, do we allow him to vote? His naturalization papers, however, assert that he is an American citizen, and give him the right to vote. The only way we have of knowing a man in his trade is by his paid-up card. We know that he is one of us, that he is aiming to do the same as we are aiming to do. As you say to the foreigner, "no naturalization papers, no vote," we say to this man, "no card, no work." We cannot help ourselves.

E. DANA DURAND: The abuses of trade unions emphasized by several of the speakers are to some extent due to attempts to counteract abusive practices of employers. For example, the limitation of output has its inception, in many if not in most instances, in unjust policies of employers. Under piece-work, as many employers have admitted, if the strongest and ablest workmen do all they can to earn a high wage, the rate per piece is too commonly cut down till the most competent can make only a living wage and others can not do even that. And under time payment many employers gauge the proper output of all by the speed of the few uncommonly strong and skillful, and "rush" their men accordingly. So with regard to the limitation of apprentices, refusal to work with non-union men, and other policies sometimes pursued by unions; they are often, though of course not always, due to practices of employers which are unfair to work people and to unionists.

We may grant that unions often do unwise and un-

just things, but that is no warrant for the conclusion so often urged that unions should therefore be smashed. Judge unions by their fruits, but by all, not part, of those fruits, and by their future possibilities for good as well as their present mistakes. The scientific and the humane thing to do is first to decide whether the principle of combination among work people is a proper one, whether their own condition and that of the entire community can be benefitted in this way. And if this question is answered in the affirmative, the particular acts and policies of unions may then be discussed as separate issues. Those practices which are proved injurious to society and even to the unions themselves can be vigorously condemned, and we may reasonably hope that the unions will ultimately abandon them. Do not cut off a patient's head to stop his disease.

As to the rights of non-unionists we should take the standpoint of the welfare of all working people and of all the community. Modern thinkers usually lay little stress on the inherent natural rights of the individual. Society makes right that which will accomplish the most good for its members as a body. No man has a right to a particular job if, by taking that job, he is going to injure a much larger number of men. It is easy to speak of giving equal rights to unionist and to non-unionist, easy to speak of the open shop in which the employer does not care whether his men are union men or not. But the union can not accomplish its most important objects unless the employer deals with it as a union. The employer can not be made to enter into a collective bargain—and without the collective bargain the conditions of labor are hardly fixed by bargaining at all—unless the union comprises practically all the men he wishes to employ. The labor organization

finds the accomplishment of its fundamental object dependent on comprehensiveness, and refusal to work with non-unionists naturally seems to it often a necessary means of extending its membership and making itself really effective.

WILLIAM Z. RIPLEY: Without going into the larger question I should like at this particular juncture to call attention to what seems to be the kernel of the question proposed for discussion. I have been a good deal surprised at the positive statements made by the labor men in this discussion that a shop must necessarily be *all* union or *all* non-union. Now is that true or untrue? My own notion is that it is not absolutely necessary, either theoretically or practically. From the practical point of view I would adduce evidence from the great industry of New England, the cotton mills. I believe that the condition of these people is better than it was before unionism began, and I believe personally that it will be a great thing for labor when there are more unionists than there are now; but from what I know of the unions in these cotton mills, I do not see that it is absolutely essential that every one of the operatives should be in the union, or conversely. I wish we might learn more fully as to whether there are not large shops all over the country which in times of prosperity have 100 per cent of employees in the unions, but which in times of depression have the proportion considerably reduced. If that is true in Chicago, as has been stated, why may it not be true elsewhere, as I know it to be in the cotton mills of Massachusetts?

To pass from the practical to the theoretical aspect of the question, why not draw something from the analogy between trade unionism and the distribution of power

between political parties? Let us suppose, for a moment, the Democratic party standing for free silver to be represented by the employers; let us suppose, further, the workmen to be represented by the Republican party; and let us suppose the non-unionists to be represented in analogy by a political class which is peculiar in New England, the independent voter or mugwump. Does the existence of this last class do anything other than to hold both great political parties up chockablock in the direction of right behavior? Is it not possible that a factory may have four-fifths unionists with one-fifth of its labor outside the union,—that proportion varying from good times to bad,—and that the unions may be more wholesome in their effects by reason of the existence of a certain proportion of independents?

HENRY WHITE: Mr. DuBrul has thrown out this challenge by quoting the maxim, "by their fruits shall they be judged." That challenge we accept, and we are willing to be judged by that standard. What are the fruits of trade unionism? The emancipation of the working people from the domination of the employer, giving them at least some say in the management of the shop, and placing the fair employer in a better position as a competitor with the unfair one. Another achievement is the gradual and steady increase of wages and the shortening of the work day. Those are some of the fruits.

It is also said that the unions put a premium upon incompetency. I am a clothing cutter by trade, and the trade is pretty well organized. We enforce a minimum rate of wages of twenty dollars per week for eight and a half hours' work. The effect of that minimum wage is to eliminate the incompetent, because no em-

ployer will employ a man unless he is worth that money, as he is given a free choice in selecting his workmen. The effect is to make the incompetent find employment in some other occupation more suitable to their abilities.

The man who is forced into the union against his will, the man who is so averse to the union because of its tyrannical methods, that same man willingly accepts the improved conditions that the same union secures for him. If that is tyranny, if that is oppression, then we are guilty of it.

It has been correctly said by one of the speakers that the abuses of the unions are due to the struggle to correct other abuses. If there is any distinction to be made between abuses on moral grounds, I stand for the abuses that are resorted to in order to correct others, because the first made the second necessary. We cannot conceive of any method of benefitting the whole without hurting some. Even such a beneficent measure as the child labor law robs the widow of the support of her children, by forcing them into school; yet the general effect of that law is so to equip the children that they can take better care of themselves all through life.

SAMUEL B. DONNELLY: In order to get at the facts when you investigate, do not take the word of the employer given offhand, and do not take the word of an officer of the union given to you offhand. If you want to find out the exact conditions under which men come into unions, ask the officers to permit you to be present at a meeting of their membership committee, where you can see these men and ask them how they came to want to join the union, because neither employers nor employees are as frank as they might be.

If employers were frank, they would have told you long ago that the reason they want trade unions incorporated is to tie up in a bank by injunction the funds which the union takes out of the treasury to get the non-union men brought in by the employers in time of strike out of town. At the present time there is ample recourse. In the Child's case in Buffalo the property of the individual members of the typographical union was levied on.

As to restrictions we may say that these will occur as long as men have any sympathy in their hearts or any consideration toward their fellow men. They will always hold back when a dull season is in front of them in order that they may not be laid off.

TRADE UNION IDEALS

GEORGE E. MCNEIL

Trade unions are the democracies of the poor. They are the kindergarten, primary school, grammar school, high school, and college of the wage laborers; and the development of trade unions is as the development of humanity from its lowest conditions to its highest attainments. The trade unions at first have the dreams and the follies of childhood and of youth; they have the strenuous aggressiveness and lack of moral discipline of dawning manhood; they have the wisdom of time and experience.

Trade unions differ from each other as the states of the United States differ, and as different states of Europe differ one from the other. A fair criticism of one form of trade union would be an unfair criticism of another form of trade union; that is, to be fair in one's criticism of a trade union, the industrial, social, and political environment must be considered. In so brief a paper as this must necessarily be, very little, if any, classification can be made available. One example of difference in method may suffice as an illustration of these wide differences.

An international union, one of the best in point of development, has a financial system under which all the funds held by the local unions are the funds of the international body, subject to call. The books of the local unions are audited by international auditors. In the matter of strikes, no local union is permitted to strike until the consent of a majority of the unions is given. This union has accumulated large funds and has paid large benefits, amounting to millions of dollars,

for loss of time due to sickness, accident, or non-employment and for death benefits. The amount expended for strikes is very much smaller than the amount expended for other purposes. This union succeeded in securing a reduction of the hours of labor to eight per day without the loss of a day's time. In another national union the local unions own and control their own funds, and pay a per capita tax into the treasury of the national union. Their funds are not as large as the funds of the union before referred to, although their membership is probably as large, if not larger. One of the local unions may engage in a strike without the consent of the other unions, but in the event of such a strike the union conducting the strike must be dependent upon its own resources, and has no right to call upon the funds of the national union. The amount paid for strikes in this national union is probably in excess of the amounts paid in other benefits. As both of these unions are connected with the American Federation of Labor, they necessarily have many things in common. One union tends probably more toward what is termed socialism, and the other perhaps tends more toward what is called individualism.

Ancient organizations of labor differed from the trade unions of our day in very many respects, but the ancient organizations of laborers and the most modern of trade unions agree upon one general ideal, and that the betterment of the condition of the members of the organization. It is, I think, safe to say that the ideals of the earliest unions were in the direction not only of relief from the burdens of their lives and of certain religious privileges, but doubtless also of a better form of government. I think that the spirit of democracy was present in the minds of the leaders and probably of

many of the followers of the earliest labor associations. There is no question but that these early associations were semi-religious, while it is true of the modern unions that the question or questions of religion do not enter. Where the governmental law (if I may be permitted to use the expression as covering constitutional and statute law) was evidently oppressive upon the laborers, a code of moral law or a sense of moral law permeated the earlier unions, as it permeates the unions of to-day.

We are told that when the Carpenter of Galilee entered upon His mission, the common people heard Him gladly; and we are also informed, and can readily believe, that the religious, political, cultured authorities of that time as well as the wealthy members of the community not only rejected but finally crucified Him. The reception of the Carpenter's teachings by the common people was due to the fact that He gave expression to some of their ideals, and awakened hope in the minds of His hearers. The highest ideals ever uttered to human minds were spoken to the poor; to them the ostracized, boycotted Carpenter of Galilee gave the universal prayer of all who love their fellows, a prayer for an ideal state, of a heaven on earth, of love and happiness; to them he gave the Golden Rule of life, through the observance of which His kingdom would come to every human soul.

The poor black slave, even under the terror of the lash or more terrible evil of banishment, dreamed of an ideal state of civilization, of liberty, and of peace. The Irish tenant, evicted from his poor thatched cabin and barren fields, holds in his mind the picture of a time when his country shall be free. Even the man of whom Markham sung, "The oppressed of centuries of wrong,"

lifted his eyes as some gleam of the hope that lifts the man above the beast penetrated his torpid brain into the innermost soul of his diviner self. From the lips of Him whose soul was full of tenderness, pity, and compassion came the words of blessing to the poor and of warning and reproof to the rich. Through all the ages past the poor have struggled upward to their ideals, lifting not alone their class but by their mighty sacrifice and devotion lifting all. The civilization we enjoy they first dreamed and then created. Of them and for them are the songs of the true poets; of them and for them the deepest philosophies.

The ideals of the trade unions of the past are the accomplished facts of the present, although the earliest ideals were treated as dreams, and were met with the sneer of the so-called cultured class. The thought of and hope for the establishment of a government in which the laborers should have a part, though sneered at and opposed, has become a reality, though not to the extent it will yet reach. The hope for a larger religious liberty has been realized, as has also the hope for the final abolition of feudalism and chattel labor. In our day the demands for longer terms of schooling for the children of the poor, with less weary hours of toil, and for limiting the age at which children can be employed have each and all been subject to all forms of contempt and abuse, yet these benefits have been accomplished in some of the states of our union by the influence and power of the trade unions.

The commonwealth of Massachusetts was threatened with a withdrawal of all capital and of all capitalists if the hours of labor were reduced to ten per day. "The dead line of danger," as it was stigmatized by the political economists and manufacturers, has been reached by

the enactment of the laws providing for the safety of life and limb in the factories and workshops and for the maintenance of the proper sanitary conditions. This same class, some of cultured persons, protested against free text-books for the schools, and sneeringly said, "We shall soon have to provide lunch and perhaps clothing for the school children." Free text-books are in the schools, and the noonday lunch at small cost is provided in some of the schoolhouses of our cities.

Trade union ideals grow, for the trade union is life, collective life, coöperative life. This life is manifest in the labor movement that now attracts the attention of all classes of citizens, the movement that furnishes leaders of unquestioned integrity and ability. It is the finger of true civilization touching the button of the dynamic forces of our diviner nature.

The ideals of trade unions differ. The ideals of the so-called unskilled worker differ in degree from the ideals of the so-called skilled worker. The ideals of the new recruit differ from the ideals of the veteran unionist. Some trade unions are but business corporations, devoting their time and money to the protection of the craftsmen enrolled in their union, perhaps devoting some time to the protection of affiliating unions, that is, of workmen who may possibly be able to take the place of their more advanced craftsmen in the event of an industrial battle. Some unions remain practically outside of the active labor movement; the higher ideals of trade unionism have not entered into the minds of their leaders; they do not discuss questions of mighty import save as they affect their own craftsmen's interest. The great body of the trade unions, however, are not merely business corporations for the protection and the advancement of the interests of their members only;

they are affiliated one with the other in all matters pertaining to the best interests of all wage-workers, in the union and out of the union.

In the earlier days of trade unionism, handicapped as it was by legislative enactments and arbitrary and unjust treatment, exacted in the name of law yet really in defiance of law and justice, there was but an ideal of improved conditions. The child of the mill, of whom Mrs. Browning sang in her "Cry of the children," had hardly a dream of anything outside of the weary monotony of its labor; but when the hours of labor were reduced and childhood in a slight measure relieved of the crushing pressure of drudgery, the needed rest led to the ideal of leisure, of opportunity; and as the movement of the unions gained strength in finance and in membership, the ideal of larger wealth, with its opportunities of greater comfort in the home, took possession, and so during the century past higher ideals dawned in the minds of the leaders and of the led. The most beastly habits and customs of the barbarism of long hours and low pay gave way to more civilized habits and customs when the shorter workday arrived. The great coöperative establishments of England really owe their rise and owe their present magnitude to the ideals of trade unions and of labor men.

One of the ideals of the trade unions is that of securing freedom of contract—a freedom that cannot be obtained by the individual wage-worker unless such worker has a monopoly of a certain kind of skill absolutely necessary to his employer. It may be said that all the battles of the unions for recognition are battles for the obtaining of the power of freedom of contract. Strange as it may seem, the demands for nearly every measure of relief and remedy made by the trade unions have been

met with a claim that such relief or remedy, by legislation or otherwise, would destroy the great right of freedom of contract. The minds of many men have been confused upon this question of freedom of contract. Many men believe that the freedom of contract between employer and employee exists, but trade unionists know that it does not exist except where the trade union is strong enough to maintain it.

It is well understood that a contract supposes two parties, and that whatever tends to put one of these parties under the power of the other destroys the freedom of the contract. As I have said in another place and at another time, under the wage system no congregated form of labor is conducted on the theory of freedom of contract. At a hearing before a legislative body the treasurer of a large manufactory was asked if he ever consulted with his help with reference to the matter of wages. His answer was, "Do you suppose I run my establishment on the town-meeting plan?" In other words he confessed, as all employers confess, that he did not propose to allow any freedom of contract between himself and his employees. Employers do not confess this in words, but they confess it by their acts. The employer claims the right to name the conditions, the wages, and the hours of labor under which the laborer shall work.

The man who is forced to sell his day's labor to-day or starve to-morrow is unable to exercise any freedom of contract. The system under which the employer can wait to buy labor until starvation compels the laborer to sell at the price fixed by the employer is tyrannical. The delivery of one's property to a highwayman at the point of a pistol does not imply freedom of contract. It must be remembered that the present industrial system

rests upon the power of the class of employers or capitalists to compel the laborer to work at such price and under such conditions as the employer or capitalist may dictate. There can be no freedom of contract under such conditions, and where there is no freedom of contract there is slavery. As the employer or capitalist is not dependent upon any one individual wage laborer, excepting perhaps in some very rare instance, the laborer has but one recourse if he wishes to obtain something of his liberty, and that recourse is his association with other laborers in such numbers as to be able to compel the employer or the capitalist to stop production.

The opportunity for the nearest approach to freedom of contract is when a powerful labor organization has attained a membership covering practically all the craftsmen; that is, when an employer cannot employ help or such help or such quantity of help as he requires unless such help are members of a union. In such a case the employer himself or his representative and the representative of the employees meet on measurably equal terms—provided always that the trade union organization is strong enough to enable the members to remain from work for such a length of time as will so diminish the capital invested in the enterprise as to compel a conference or to cause bankruptcy.

The charge that there is great danger to public welfare from the trade unions' becoming monopolies is of the same character as the charge that there is great danger to private property in the establishment of a democratic form of government. It is true that people possessing the right of the elective franchise may exercise that right by taking possession of private property; but no true American feels that his liberty of life, limb, and the pursuit of happiness or of his other property

is really endangered under a republican form of government, because in the event of the democracy's taking possession of private property it could not be for private benefit and must, therefore, be for the public benefit, and under such conditions fair compensation would be given for the property taken. In the past certain kinds of property have been taken possession of in our states, almost noiselessly and certainly harmlessly, so that to-day the percentage of public property has been largely increased.

The trade unions claim that the wage-laborers through their unions shall fix the price and the conditions under which the laborers will sell their time, endurance, and skill; and it is simply ridiculous on the part of any one to claim that the wage-workers ought not to have this right, and having this right it is safe to say that they ought to be able to exercise it. The laborer is the merchant of his own time, and his labor is practically the only commodity in the market upon which the price is fixed by the buyer instead of by the seller. There is absolutely no tyranny in the trade union theory that the sellers of labor have the same right to sell their commodity that sellers of other commodities have.

"The fathers declared that all men are born free and equal; born possessed of certain inalienable rights, among which are the right to life, liberty and the pursuit of happiness." The right to life, liberty, and the pursuit of happiness, under governmental law, is forfeited by the performance of certain acts contrary to public safety and the common weal. The right to life may not be forfeited in certain other instances by law, but the life and the liberty and the happiness of great multitudes of men are forfeited by no act of their own; and this loss of human and property rights in life,

liberty, and the pursuit of happiness may not be due to pestilence, war, or famine, but it may be due to the political, religious, industrial, or social systems extant. In some times and in some countries a man may lose his life or his liberty by the expression of an opinion that may be a common expression of a general opinion in other countries or other times. In such an instance the act of the government in taking a life or in depriving a man of liberty would be termed tyrannical. A man may lose his life and is sure to lose his happiness and a measure of his liberty because of his inability to obtain employment at such remuneration and under such conditions as will tend to his continued happiness. If the lack of such employment is due to an industrial or social system, then such system can be properly termed tyrannical.

The advanced trade unionist believes that the humblest wage-worker has property rights as well as human rights, and that it is impossible to separate the laborer's human rights from his property rights. The so-called political economist has been blind and still is blind to the laborer's side of the question, that is, to the laborer's property rights; and the confusion in the minds of the so-called educators is largely due to the false and foolish theories that make up what is called the science of political economy, many of the propositions and assumptions of which are shown to be false. When we begin to recognize and acknowledge the laborer's property rights we shall have taken a considerable step out of the existing chaos into an orderly and scientific arrangement of data. The trade unions are in advance, in fact are the teachers of the schools; and great as is the cost of the battle between employers and laborers, it is an economic expenditure compared to the waste

that has resulted and will result if we continue to follow the blind leaders of the blind. The property rights of the laborer must secure ampler protection than is now afforded if we wish to maintain our present civilization.

The great governing law of wages rests upon the habits of thought and feeling, upon the customs and manners of the masses. Where the level of thought is purely physical or animal, groveling with the swine it feeds, occupied in discussing the fighting merits of game-cocks or men, and where the custom exists of working all the hours possibly occupying the hours of holidays and other periods of rest in filth and drunkenness, in that locality or condition wages will be paid to the level that will enable the laborers to enjoy themselves in their existing low condition. To disturb this class of men from their sottish contentment by an agitation for more wages or less hours is to lift them up in the level of their manhood to thoughts of better things and to an organized demand for the same.

The instinct of the people is sometimes wiser than the philosophy of the schools. The wage-workers, unionists and non-unionists, have an instinct that they are deprived of certain property rights by force of law and that this deprivation of the exercise of this right is in violation of moral law. Even where trade unions have not existed and industrial battles have occurred it is held to be an immoral act for a man to take the place of any one on strike. By some one it has been termed the thirteenth commandment, "Thou shalt not take another man's job." The great body of non-unionists as a rule live up to this moral law. Out of this instinct or belief is fast growing the additional belief that the wage-worker has an equity right, a property right in

his product outside and above that for which he has received wages.

It is an ideal of some trade unions that the capitalist and the employee should be joint partners in production, and that the participation in the results of the joint partnership should be equitable to both parties. The trade unions recognize that under the present industrial system the person who furnishes the tools, that is, the plant or whatever is necessary for production, should receive some compensation for such use, and that when all necessary reserve funds have been created to take care of the depreciation and contingencies, and the employer or employing capitalist shall have been paid a fair sum for whatever services he renders in the joint product, then the employee should be an equitable sharer in the balance.

I am not acting the part of the prophet when I declare that the joint partnership of the capitalist and the laborer is as inevitable as was the establishment of the corporations and combined corporations into the trust. All competition that is wasteful must be removed. The wastefulness of industrial battles has been made manifest; and that this wastefulness cannot be overcome by any scheme to prevent strikes, either by compulsory arbitration or by the incorporation of trades unions, should be self-evident to thinking men. Industrial peace will not come, and ought not to come, until equity exists between the employer and the employed. Out of the joint partnership will come systems of coöperation in which the laborer shall be a property participant not only in the matter of his time, skill, and endurance, but also in the capital he has been able to acquire under the joint partnership system. The time will come, and perhaps in the not far distant future, when some great

trade union, with large funds and a well disciplined membership and with practical control of all craftsmen, will enter into the production and the distribution of its own products. This is not a dream; it is a trade union ideal; it is the logical and inevitable evolutionary process through which civilization is passing and will pass.

The question may be asked, If such be the ideals of the trade union, how do you explain or justify the practice of personal violence upon the strike-breaker, or the practice of boycott upon third parties? To such a question I could make answer that such exhibitions of contrast between the highest ideals of the mind and the practices of persons holding such ideals are the phenomena of history. The symbol of shame has become the symbol of adoration. The cross of sacrifice and suffering of self for all, even for those who crucified Him, was afterward embroidered upon the banners of those who in His name went forth to murder and destroy those for whom He died. It is easy to denounce the cruel wars and tortures, the burnings at the stake, the deaths by the headsman's axe, performed in the holy name of religion; but a study of these phenomena will reveal the cause of this seeming contradiction. Before we proceed to convict the trespassers upon government law, let us come before the high court of moral justice with clean hands, and not forever condemn the lamb for the filth of the stream that the wolf has befouled.

In entering upon this self-examination let us review our crude ideas of property and property rights and of humanity and human rights. The time assigned for the reading of this paper will permit but a suggestion for this examination. Time, skill, and endurance are the property of every sane man. The worker has a property right in his labor, in the exercise of which he

should not be curtailed except as the exercise of his right is an interference or injury to the property and human rights of another person or of other persons. Permit the further suggestion that he who, by the use of his property rights, jeopardizes other property holders in the use of their rights by entering into an agreement with those who control the opportunities of laboring, to the disadvantage and injury of other laborers, is a trespasser upon the property rights and opportunities of other laborers. The man on strike does not give up his job or his equity in his unpaid earnings. He is forced to strike in order to obtain an accounting or a farther and larger payment in the account between the partners in production. When the law recognizes the property rights of the wage-worker, then some court of adjudication will settle what is now sought to be settled by strikes.

The deepest, darkest stains upon the pages of history were not imprinted there by the acts of the poor, but by the acts of the rich ; not by the acts of the ignorant, but by the acts of the learned ; not by the so-called lawless, but by the so-called law-abiding. The unjust judge, the timid, cowardly, time-serving, power-serving judge, who washes his hands in the waters of his impotence, will declare that the demand of the prosecutor is the judgment of the court. The violent deeds performed in an industrial battle are as a speck of dust in a cyclone compared to the great bulk of violence performed in the name of property and law, as witness all history, ancient and modern ; as witness the wars of Europe and of our own dear land, waging a war of aggression against the weak and the poor—a republic of the West crushing the aspirations of those who seek to establish a government of their own in the islands of the Orient ; violence

against persons once our friends and allies ; violence against the fundamental law of our country ; violence against the manhood of America ; violence against the present and the future. If war is justifiable, violence is justifiable. I cannot justify war.

The trade unions know the danger of the boycott, and they know that the evil influences of an unjust boycott will react with twofold force against the union ; hence great restraints have been placed upon the use of this dangerous weapon. Political boycotts of candidates upon a party ticket because of the presence there of the name of a notoriously unworthy and corrupt man have resulted in great public benefits, in the destruction of the party ring which cunningly placed the name of worthy men upon the ticket in order to carry the election of their special candidate and tool. Would not such a boycott work for the honor and welfare of communities within our knowledge ?

Again some one asks, " How do you justify or excuse acts of intimidation ? " Nothing is excusable that is not justifiable ; intimidation is the historic weapon of the employing class. Intimidation has been practiced in nearly every community by the managers of nearly every important manufacturing enterprise. Said the manager of a large manufacturing establishment to a physician of my acquaintance, " If I saw three or four men talking together and had reason to believe that they were attempting to form a trade union, I would discharge them and follow them into every community where the industry was conducted." Intimidation is regularly and systematically conducted, but since the growth of the trade unions of the employees to their present power the practice has been somewhat relaxed. Intimidation begets intimidation, and some of the

workers, having learned the lesson by bitter experience, use the weapon against others ; but intimidation is no part of trade union ethics, ideals, or laws.

The boycott of third parties may not only be justified, but may be commended. A man of large wealth and of vulgar habits and vulgar language conducted a manufactory in one of our cities. He employed a few women and many girls. His conduct was such as to warrant his arrest and imprisonment, but all attempts were futile. He could produce articles so much more cheaply than others that merchants in full knowledge of his vile character purchased his wares until the merchants were boycotted by an indignant community and the manufacturer was driven out of the city by his inability to sell his products. This boycott was not conducted alone by trade unions, although trade unionists exposed the conditions that led to the boycott. Granted that the boycott is a very dangerous weapon and that an unwarranted and unjustifiable boycott is an offence deserving of the severest condemnation and punishment and that such unjust boycotts have occurred, nevertheless the unqualified condemnation of the boycott of third persons is foolish in the extreme. The patriot fathers not only boycotted the taxed tea, but they also successfully boycotted all those parties who dealt in the boycotted tea. They not only boycotted the merchants who dealt in the boycotted goods, but they also boycotted whomever they could reach who sympathized with Great Britain in her acts of oppression.

Those who claim that increased wages mean increased cost of production have not studied the history of industry. The cost of an article is regulated more by the number of the articles demanded, that is, by the condition of the market, than by any other cause. Each additional movement toward a shorter workday, each accom-

plishment of a shorter workday, is probably the greatest material and moral influence for the uplifting of humanity. The most highly paid labor produces things at much less material as well as moral cost than can any low paid labor. The improvements in processes of manufacture and of distribution follow advances in the wages to laborers. The reduction of the hours of labor is placing the lever of civilization under the humblest man and lifting him up to the enjoyment of the opportunities of civilization. The added intelligence that comes from less hours of labor prompts sacrifice and devotion to the interests of his class, and will result in the inauguration of a system of industry under which there will be no master and no slave.

We do not agree that laborers should work all the hours they can. Work under present conditions is a monotonous, mind-destroying operation ; and a reduction of hours to eight or six would be justified, if for no other reason, by the fact that such labor is destructive. A reduction of the hours of labor to six or four would give to the laborer all the opportunities for work in which he might well exult. Work with health and happiness and love in it ; work, not the unrequited, hopeless, monotonous, unlovable drudgery of the modern machine-tending and labor-subdividing operative, but work in which the workman sees a completed whole ; work that develops the mind as well as the body, and quickens the moral sense of independence, in mutual dependence ; work, not as in the modern industrial prison factory and workshop, where personal identity is lost and silence is the rule for the long, monotonous days, but work where the worker realizes his *Ego* and is proud that he is a part and a partner in the great mutual effort

to create wealth, as he is also a partner in the enjoyment of the fruits of the joint labor,—this is the ideal of the trade unions.

Trade unions are not concerned in the theories of the theologians or college professors or university presidents as to the interpretation of the Scriptures. The unionist may agree or disagree with those who hold that the so-called curse of labor is a handicap. The words of ancient writ, "in the sweat of thy brow shalt thou eat bread," does not so much disturb the trade unionist as does the fact that he, the laborer, does earn the bread he eats and the bread, cake, and wine that others eat and drink. He knows that he is not only sweated at his work, but that he is sweated in his earnings,—is sweated as producer and consumer. "Upon his back are the burdens of the world." His sweat, his sacrifice, his blood are coined in the mint of the capitalists into the coin that endows colleges and that furnishes libraries to cities and towns.

The trade union ideal is that he who gives shall give of his own personal effort, sacrifice, and devotion, and not attempt to square his conscience with his conduct by the reverse of the Robin Hood method. Trade union ideals are as humble as the tenant of the poorest hovel of the villain of a feudal duke; as humble as the dweller in a tenement house shelter, where the wage-slaves of the arrogant rich exist until death or the trade union relieves them. Trade union ideas are as exalted as human aspirations, quickened by the divine inspiration of comradeship in the old, old cause of the emancipation of labor and the achievement of equity. Trade union ideals are worked out, not dreamed out. By slow and painful steps, blood-stained, the laborer marches on,

“ through deserts wide of poverty and want,” over marshlands where the quagmires and quicksands of deceit endanger his trembling steps, over the streams of culture’s brutal contempt, up the barren hills of opportunity, across the wide plain of indifference, and will reach at last the promised land, by poet and prophet long foretold, the land of peace, of liberty, of fraternity, and of equality.

TRADE UNION IDEALS

FRANK K. FOSTER

Reduced to its simplest form of expression, the trade union is an association of men of a craft or calling who unite their efforts along specific lines in order to better their condition. It may fairly be asked why such an organization should be expected or required to formulate its ideals, any more than a manufacturers' or a mine owners' association should be so expected or required. The articles of association under which these latter organizations exist are not popularly supposed to "come out strong," in the words of that consistent optimist, Mark Tapley, as to ideals.

I find myself, moreover, somewhat in doubt as to the precise meaning of the topic assigned. On consulting the lexicon I find that the synonyms for "ideal" are "fanciful," "imaginary," "unreal," "visionary," while among its antonyms are "actual," "real," "tangible," "visible." It cannot be supposed that this association desires a discussion of something unreal and imaginary. Trade unionism is, if anything, a concrete and positive fact. In the words of Carlyle, "The shadow on the dial advances without pausing. This that they call the organization of labor, if well understood, is the problem of the whole future for all who will in the future govern mankind." It may be assumed, then, that the ideal submitted for our analysis is "that which is conceived of or taken as a standard of excellence or ultimate object of attainment, whether a concrete object or a mere conception;" and it is this definition which I shall apply to the ideals of the trade union.

It may be well, for the moment, to consider the salient

facts of trade unionism. These facts are that among the English-speaking people alone there are over five millions of wage-earners who are trade unionists, and that their numbers are rapidly increasing. These organizations have not come into existence as the result of the teachings of any university or of a philosophy devised by any political economist; neither are they the result of a sentiment manufactured by irresponsible demagogues. They are rather the evolutionary outcome of generations of experience; a growth out of the needs of the daily lives of those who perform manual labor. The achievements of the trade union have been varied and manifold. It has shortened the working day and raised wages. It has lessened shop tyranny and obtained improved sanitary conditions in the factory. It has prevented overwork of women and children and increased the opportunities for the education of the latter. It has made war on the truck system and insisted on more frequent payments for the wage-earner. It has insured its members, assisted them when out of work, and provided for their burial when dead. It has helped to level the barriers of race, has taught fraternity and fidelity, and has broadened the horizon of millions of lives. Its justification does not depend upon its theories or promises, but upon its past accomplishments.

But as Choate said of patriotism, so the wage-earner may say of his craft union, "It is not enough that our arithmetic should compute its value and find it high, our hearts should hold it priceless." What, then, are the ultimate objects of trade unionism? What are the practical methods by which these objects are sought to be obtained? What is the vital essence of this world-wide movement which inspires vast numbers of individuals towards a common purpose? What is the inner mean-

ing of this fealty to union principles which so strongly influences the course of so many lives and, acting through these lives, the course of economic and social affairs?

Trade unions are opportunist in their philosophy and in their practice. With the sage Ulysses they may say, "I am a part of all that I have met." Thus contact with tyranny sometimes makes them tyrannical; intolerance begets narrowness; unjudicial persecution breeds in them distrust of the judge; and, conversely, frank recognition and fair consideration of their claims stimulates their conciliatory spirit. The trade union "despises not the day of small things." A trifling increase in wages here, a few more moments of daily leisure there, the removal of some irksome shop rule, the amelioration of some injustice in the routine of toil,—these small advances, in the aggregate, count mightily for progress. Trade unions are not wont to indulge in high-sounding platforms or empty platitudes. Beecher once said that socialists were forever sitting on an egg which they never hatched. The record of things done by trade unions bars any such criticism upon them. Rather, in the words of the Cambridge poet, they may exclaim:

" We have not wings, we cannot soar,
But we have feet, to scale and climb
By slow degrees, by more and more,
The lofty summits of our time."

Now the first step in the difficult ascent is effective organization. Therefore the primary "object of attainment" of the trade union is the thorough and scientific organization of wage-earners in order that they may secure, as sellers of the commodity of labor, at least an equality of bargaining power with the buyer of

labor. It is surely too late in the day for the necessity of asserting the utility of associated effort as a means for promoting economic, political, or social interests. As Mazzini wrote, "The time has arrived when the principle of association should become the starting point of any theoretical or practical study having for its aim the progressive organization of human society." The acumen of the capitalist has long led him to exploit the principle of the elimination of needless and unwise competition among those of like interests. With the object lesson of combine, pool, trust, and merger looming large before his sight, pray why should not the wage-earner say, like that thrifty but atrabiliary financier of Venice, "It shall go hard but I will better the instruction."

Very many worthy people who have never felt called upon to register their protest against the continuance of the undoubted ills under which the laborer has toiled find themselves suddenly inspired with alarm as to the danger of unionism's infringing the liberty of the non-unionist to sell his labor "how, when, and where he pleases." While this solicitude is doubtless most creditable and commendable, albeit somewhat tardy, it may be suggested that if the doctrine of equal rights is to be relied upon to warrant this gratuitous championship of the "rights" of the laborer to a free market as against the endeavors of the trade unions to control the labor market, it must surely be granted that an equal privilege must be conceded the unionist to sell or to refuse to sell his labor "how, when, and where he pleases." And if by long and patient endeavor and by expenditure of money and effort the unionist has succeeded in raising the standard of wages and in improving general conditions of employment, by what unique logic is he to be

condemned for refusing to sell his labor save under conditions approved of by himself?

Professor Bascom in his "Social theory" puts the case fairly as follows: "When a strike is in progress, attended with much suffering, and non-union workmen accept the rejected service, they are taking labor they have not themselves secured, and by so doing are aiding to bring about a reduction. The case is one in which the plea of industrial liberty is brought in a deceptive way against social progress. The individual in a general movement for the public welfare must concede something of his personal liberty. A compulsory organic force gets hold of him and he must respond." The trade union policy concedes the legal right of the strike-breaker to earn his diploma of Doctor of Heroics, the latest addition to the degrees conferred by the head of Harvard University, but it emphatically denies his moral right so to do. Industry is honorable, when honorably applied and directed. But the man who labors, however assiduously, at that work which makes for the public detriment is not usually deemed a fit person for canonization.

It follows, therefore, that if the positive value of the trade union in raising the standards of living of those who most need such assistance can be demonstrated, then the man who does more than any other agent to nullify and render futile the efforts of trade unionism, though he be buttressed by a thousand statute laws and extolled by all the university presidents in the world, is none the less a moral renegade, a traitor to his class and kind, and a despicable object in the eyes of his fellows. Is it greatly to be wondered at that the trade unionist not only feels some slight amazement at, but also some suspicion as to the judicial calibre of, his critic who so far departs from

the customary verdicts of society as to proclaim the individual who deliberately antagonizes the efforts of his associates to better their condition in life as the possessor of exceptional merit and deserving of public commendation? And with all due deference let it be asked, What propagandist of revolution and of class hatred in the wage-earner's sphere of life could in a hundred inflammatory utterances have so developed the wage-earner's lurking distrust lest some of our higher institutions of learning are permeated with a spirit of phariseeism as has the recent public endorsement by a university president of the very type of humanity held in the utmost contempt by the organized workers of the entire civilized world?

A common accusation against trade unions is that they are selfish. It would be more in accordance with the truth to say that self-interest is a powerful factor in causing men to form unions and in shaping the policy of the organization. The suggestion is possibly to be permitted that from the days of Adam to those of Adam Smith, and even in our own altruistic age, most individuals and associations of individuals have been more or less dominated by self-interest. There is nothing necessarily incompatible between self-interest and idealism. In avoiding needless exposure to contagious disease, in obeying proper sanitary laws, etc., one serves the entire community none the less because his self-interest impels him to this course. If it can be demonstrated—and that it can is our contention—that the self-interest of trade unions impels them to raise the standard of living of wage-earners, and indirectly that of a community, such self-interest works for one of the ideals of the highest civilization. The trade union makes for high wages. Its ideal would be such an absorption of

the margin of profit into wages for the manual laborer as would leave a reasonable balance to be applied to the wages of superintendence and to a return upon capital invested.

Numerous attempts have been made to commit trade unionism to the doctrine of the collective ownership of all the means of production and distribution, but so far the American movement has chosen not to accept the ideal of socialism. The saner judgment of the majority of trade unionists has held fast to the phrase of John Swinton, "First things first." While trade unions have steadfastly maintained that the producer, rather than production, should be the chief object of social institutions, they have nevertheless recognized the rights of property and the fact that our entire social order is based upon security in private acquisition and possession of property, subject necessarily to the limitation by the rights of the public. It is this attitude of the trade union which differentiates its philosophy from that of the so-called more "radical" schools of social reform, which is made the object of continued assault by the propagandists of the school of Marx with their fallacious, though ingenious, postulate of collective ownership and the measurement of social values by the scale of time employed in production.

But the circumference of the wages question embraces much more than the mere fact of money remuneration for labor sold. "I do not hesitate to say," wrote Arnold Toynbee, "that in dealing with the question of wages, you cannot separate it from the whole question of human life." The significance of this truth is manifest when one reflects what the difference of a dollar or so a day in wages means to the average wage-earner. To those receiving high salaries or drawing large incomes

the difference would mean little. To the man or woman, however, existing under the pressure of Lassalle's "iron law of wages," which ever tends to reduce the rate of wages to the level upon which subsistence is barely possible, it means much more than the curtailing of a few luxuries. It means the difference between a comfortable home and a squalid tenement, between a thorough and a meagre education for the children, between the means of exercising one's higher faculties and the routine existence where "to-morrow and to-morrow and to-morrow creeps on its petty pace from day to day." It means, in brief, the difference between a high and a low standard of living, which in itself largely determines the standard of intelligence, of citizenship, of civilization.

Closely related to the trade union demand for high wages is the demand for a shorter workday. The "ultimate object of attainment" in this direction may fairly be stated to be such a reduction as (1) will distribute among the wage-earners the advantages accruing from improved processes of production, from labor-saving and profit-making machinery, and from the results of applied science; (2) will absorb the surplus of unemployed labor; and (3) will increase to the normal the "chance of life" of those whose existence is now shortened through unhealthful or dangerous conditions of employment. The limitations of space forbid a detailed statement of the far-reaching philosophy of the shorter-hour demand in both its economic and social bearings. It may be helpful, however, briefly to consider what it is not. In an argument against the limitations of the working day, no less an authority than the very distinguished president of Harvard University, speaking before the Economic Club of Boston, recently said, "The only

limit that a man should desire to put on labor is the amount his bodily health and strength will permit. I don't want my labor limited to any less, that much is joy ; and I voice a profound contempt for the man who wishes to do less than he can. . . . Money doesn't pay the laborer ; besides this there is the joy of taking part in the great machine of men and women working together to produce as much as possible." A higher authority, Herbert Spencer, has said that the best definition of happiness is freedom to exercise one's faculties.

Now if the "full consummate blossom" of civilization has produced men whose faculties find their fullest employment in the mechanical routine of shop and factory life,—in driving millions of tacks each in the same manner, in tending an automatic machine which requires the infinite repetition of the same motion, in performing the specialized functions into which modern trades have been differentiated, or in doing the dirty and laborious work of the common laborer,—then the academic theory of the partial payment of the laborer by the "joy of work" is to be justified. The exercise of the creative and artistic faculty is held to be a "joy" by every genuine artisan. But it is not the fault of the wage-earner that the limitations of his employment debar him from following the artistic example of a William Morris or from applying the theories of Ruskin. Like another Caliban, he is pent up by the irresistible power of the magician who in this instance works mightily for cheapness of production, careless of the cheapened producer. It is entirely conceivable to the average wage-earner that the president of a great university may find joy in the strenuous and potential work of shaping and directing the intellectual development of thousands

of the fortunate youth of the land, but he none the less marvels that one who has been found worthy to fill this lofty function should so totally have lost touch with wage-earners and should hold, doubtless sincerely, such a remarkable misconception of the environment and aspirations of those who sell their daily labor for daily bread. In view of these deliverances, one understands what Charles Dickens meant when, writing to Wilkie Collins, he speaks of working people having their "wretchedness chalked out for them with such extraordinary complacency by political economists."

The trade union ideal of a shorter workday draws its inspiration primarily, not from a desire for time in which to idle or to dissipate, but for time in which to exercise those faculties which are too often restricted, dwarfed, and stunted by the customary conditions of wage-earning employment. Kindly natured Charles Lamb wrote, "I have lived fifty years, but if I take from that period the time I have lived for others' benefit, I am yet but a boy." It should be borne in mind that the actual time in which the wage-earner owns himself, physically as well as mentally, after deducting the hours of his daily toil, the time occupied going to and from work, and that absolutely required for the rest and repair of his system, is comparatively small. Therefore a ten per cent reduction in the length of the working day means in reality an increase of thirty-three per cent in the time in which the wage-earner is at liberty to act as a free agent.

In order to justify the trade union demand for a shorter workday, it is by no means necessary to assume that all, or even most, wage-earners will at once make the best possible use of additional leisure. It is not set down in the chronicles of any age that even the so-called

leisure classes have so rendered an account of their stewardship. But the contention of trade unions is that reasonable leisure is an essential requisite for the production of the most efficient labor, for intelligent citizenship, and for well-balanced men. The relative status of industrial peoples appears to substantiate this claim, for the union of these qualities is coexistent only where the shortened workday prevails. The reason for this is by no means obscure. The man who, as Carlisle says, "expends his energy grinding in the treadmill of industry" has no surplus strength to expend in pursuing those things which make for the higher levels of being. His inevitable tendency is to sink into a rut. The strenuous tension of modern industry exhausts his vitality. But it may be said, and often is, that this is all a question of degree; that the modern workday gives sufficient leisure and opportunity for the wage-earner. It all depends upon the point of view. If the Gradgrind conception of the desirable laborer—simply hands and a stomach—is to be accepted as our ideal, then the foregoing assertion is undoubtedly correct. The old Tory idea that education beyond the three R's tends to spoil the workman by making him discontented with his lot yet lurks in the minds of many estimable people. I once heard a mill lord of a Manchester, N. H., corporation so testify before the United States Senate committee on education and labor. But the trade unionist conceives that he is an equal "heir to all the ages" with his compeers; that also for him and his, science has wrought, the artist dreamed, and the poet sung.

Here, indeed, is the real and vital test of democracy, of American institutions. The town meeting and the public school, the free press and freedom of discussion, have brought forth a new plebeian,—if he will accept

that term at all,—widely divergent in type from that older citizen who made holiday in the Roman streets when imperial Caesar brought his captives home to Rome; more widely divergent yet from the laborer of the feudal era, “when service wrought for duty not for meed;” a distinct variant, moreover, from the poorly paid and illiterate toiler under old world despotisms of to-day, where environment throttles ambition and the lines of caste are rigid and unyielding. As the reed in the olden legend, fashioned by the great god Pan into an instrument of melody, was “nevermore a reed again,” so the American wage-earner, vitalized and inspired by the breath of democracy, by the knowledge that has come through opportunity, will no longer content himself with the lot of his narrow-foreheaded predecessors. With what less than the ideals of trade unionism can those who dwell in the lordly “House of Have” expect the twentieth century workman to be satisfied?

This “commodity of labor,” so long held by the Manchester school of political economists to be the subject of arbitrary regulation by the inexorable law of supply and demand, has at length demonstrated that it is a commodity plus a human organism, an organism with the power of volition, whose exercise can and does materially modify the quantity of the commodity to be placed upon the market. For good or for ill the wants of the laborer have multiplied, his faculties have become developed, and his aspirations have been awakened. It is the glory of trade unionism that it has played no small part in arousing in him that righteous discontent which impels him, like *Oliver Twist*, to ask for more and ever more—but unlike the timid charity boy he is not to be brow-beaten by the officious Bumbles of conservatism. Here, I say again, is the test which shall stretch

to the uttermost the elasticity of democratic institutions. It is scarcely a kindness to breed men in the faith of political equality if industrially they are forced to submit to despotism. It is not wise to awaken in them a thirst for knowledge if they have not means and leisure to slake this thirst. It is highly injudicious to permit them to acquire an appreciation of the beautiful in art and nature if by the conditions of their employment the major portion of their existence must be spent in unremitting toil among base and unpleasant environments.

But entirely apart from this phase of the subject the trade unionist holds that existing physical conditions among wage-earners justify the shorter hour demand, and will continue to justify it while the "chance of life" of any number of the working class is, by reason of the conditions of employment, less than that of a like number of the same age of the so-called independent classes. In other words, the trade union ideal maintains that the social service rendered by the manual laborer justifies him in insisting that society has no right to expect him to shorten his life below the normal limit by reason of ill conditions in this service which may be remedied. That the average wage-earner is compelled to do this under the present working day is amply evidenced by a multiplicity of statistical data, especially by the table of risks issued by insurance companies. It is no flight of the imagination to claim that the total mortality upon the battlefields of industry exceeds that of the most sanguinary conflicts presided over by the great commanders of bloody wars. The stories of the latter are written large on the historian's page. The former are the commonplaces of peace, unchronicled and unsung. It is one of the strongest counts in the social indictment that multitudes of men,

women, and children die before their time, because they are manual laborers. Many perish of overwork, of that fateful and merciless tension which comes from trying to keep pace with the giants of steel and steam, which are never hungry and never tired. Others succumb to vitiated atmospheres, to poisonous fumes from chemicals, to unhealthy and cramped positions while at work. The mine swallows its regiment of victims, the number of employees injured or killed on transportation lines mounts to startling figures. The widespread application of electricity has brought added perils to large classes of workers, as has also the construction of the great steel buildings of modern business. Factory life produces anæmic hosts, who fall an easy prey to the germs of disease. But the list is too long for even mere enumeration.

One of the very first efforts of trade unionism was exerted for the protection of the children of the shop and factory, and, wherever practicable, for the abolition of the labor of young children. The story of the work of the British trade unions in this direction is too well known to need repetition. The factory laws of the northern states are almost entirely the product of the agitation commenced and carried on by the organizations of labor, and with the growth of southern trade-unionism a like agitation is developing in that section of the country. The recent testimony before the commission appointed to investigate the coal strike would seem to indicate, however, that in the North Pennsylvania, at least, yet offers a most inviting missionary field for further effort in this direction. During the last session of the Massachusetts legislature the committee of the Massachusetts Federation of Labor was compelled to oppose an effort, emanating ostensibly from several

salaried school superintendents, to break down the present law relating to the school age. It does not lessen the credit due trade unionism for what it has done towards securing the physical and mental welfare of the children of the poor that it has been obliged to contend against the opposition of selfish and ignorant parents among working-people, as well as with the desire of some employers to obtain the cheapest of labor. The able and adroit attorneys of these employers have repeatedly raised the hypocritical plea that the trade union measures of child labor legislation would work harm to the "widows and orphans"—like commercial Tartuffes assuming a virtue to shield their mercenary intent.

Of all the manifold tragedies of modern industrialism, the saddest is that enacted by the children of the factory and sweat-shop, robbed of that youthful playtime which nature grants to even her dumb creatures of the wood and field, and which should especially be the heritage of the children of an era rich and opulent beyond all former times. Here, indeed, the doctrine of Rousseau would seem to be justified, if from out all the splendor of civilization the children of the poor are to be given the Dead Sea fruit of lives mentally and physically handicapped. The trade union says: "Room for the children! Give them time to grow, to mature, to learn. Upon them you must build the social order of the future. Beware lest you build on weakened foundations and your lofty structure topple and tumble to the ground."

The trade union teaches the philosophy of self-help, a philosophy all the more to be commended because of the growth of the superstition that the state is a fairy god-mother, whose largess is to be poured out without stint upon her beneficiaries. Bruised by the stern realities of

existence, it is not so much to be wondered at that the average wage-earner is all too ready to listen to the blandishments of social empirics who deal in panaceas for industrial ills, unfettered in their assurances of miracles to be performed by any qualifying sense of the defective structure of the organism for which they prescribe or of the unstable nature of the remedies which they offer. It is no part of the trade union propaganda to persuade wage-earners that something can be obtained for nothing. Its utmost claim is that the trade union form of organization, properly financed and judiciously directed, will secure to its membership large material and moral advantages. Such an organization is akin to an improved machine, whose effectiveness may be sadly bungled by clumsy operators, but which under skillful management adds vastly to the capacity of individual effort. There is a tradition that Abraham Lincoln was once asked what should be the proper length of the leg of a man of given height. "I should say," replied that statesman, "that it should at least be long enough to reach the ground." It is to be feared that not all zealous reformers, in their efforts for the advancement of the human race, sufficiently bear in mind that natural law of locomotion which necessitates keeping one's feet upon something tangible. But as a most unfortunate genius wrote,

" It is not sweet, with nimble feet,
To dance upon the air."

Trade unionism endeavors to avoid such a catastrophe by adapting its methods to the capacities and limitations of its membership.

The trade union ideal is of progress by lawful and orderly methods. Journalistic sensationalism magnifies

sporadic instances of disorder in the labor world, as it does in the community at large. One case of assault and battery perpetrated by a union striker receives a larger head-line than is devoted to a thousand gracious acts of fraternity and charity, of mutual helpfulness and uplifting, for which unionism is far more responsible. Trade unions neither teach nor uphold violence. Men fail to live up to ideals in the churches, in the state, in the commercial world, in fraternal orders, but public judgment in these cases does not condemn the institution for the misdeeds of the individual. Why, then, should trade unions bear the *onus* of overt acts committed in direct violation of their teaching?

Doctor Bartol was once asked if Christianity were a failure. "I don't know," he is said to have replied, "it has never been tried." By the same token trade unions may fairly ask for suspension of condemnatory judgment in cases of industrial disorder until their relative influence for good or ill is properly estimated. "We are never aware," said that eminent scientist, Sir William Hamilton, "of the existence of our organism, except as it is somehow affected." Possibly this may account for the present public interest in the organization of labor. The social organism has been somehow and somewhat affected by recent memorable happenings in the labor world. Of this awakened interest trade unionism is fully aware and duly appreciative. It cordially welcomes the scrutiny of thoughtful students and the criticism of honest and fair minded men. It has even tolerance for those *dilettante* and superior people who examine its structure in much the same spirit as they look through a microscope at the antennæ of a rare bug or at some new species of mollusk brought up from the depths of the ocean.

But when all is said and done, the central truth confronts us that the ideals of trade unionists may not be differentiated from the ideals of civilized humanity at large. To obtain a fair return for useful labor, to be able to provide for times of sickness and old age, to place those dependent upon one in security against want, to obtain sufficient leisure to enable one to lay hold of those things which make the possibilities of human life larger than those of the existence of the brute creation,—these things are the universal desire of civilized men, as well as the objects sought to be attained by trade unionists. The trade union is here and here to stay. It can neither be legislated, enjoined, or otherwise coerced out of existence. It has become an integral part of the social structure. Its mobility will enable it to adjust itself to whatsoever new conditions may arise. Its ideals will mount higher and higher under the impulsion of all those elemental forces inherent in free institutions which broaden the knowledge and increase the capacities of mankind.

TRADE UNION IDEALS—DISCUSSION

SIMEON B. CHASE : As an exhibition of idealism the interesting paper just read is certainly very attractive, and I have nothing to say against it ; but as the speaker well said, ideals are not always lived up to by trade unions or by any other organization.

As a manufacturer I have had a good deal of dealings with trade unions. That I am a friend of trade unions can be easily established if you will visit the community from which I come ; I have always tried to be in accord with them, but I realize that in practical, every day affairs trade unions make mistakes. I also realize that in practical life the manufacturers make some mistakes—a good many mistakes on both sides. On both sides there is an inherent element of self-interest, of selfishness if we put it stronger, which is not easily eliminated and which leads to excess.

It is of course desirable that the people represented in trade unions shall obtain from the current product in the way of wages all that it is possible for them to squeeze out of the manufacturer, but it must be borne in mind that this amount that can be squeezed out is limited. It is proper to advocate and to try to bring about a shorter working day, but it must be remembered that the shorter working day also has its limitations.

The farmer of fifty years ago, when almost every one was a farmer, could but little more than feed himself and his family. To-day, with the improved methods, improved machinery, and more applied intelligence, the farmer can feed hundreds on the labor of one man. He can work fewer hours because he is enabled in these hours to produce enough for his own wants and

to exchange with others for comforts and luxuries. The farmer to-day gets much more leisure than the farmer then got—and yet farmers do not belong to trade unions.

In 1812 power weaving was introduced into the town from which I come. By working from seventy-two to eighty-four hours per week, the weaver at that time could produce about two hundred yards of a certain kind of cloth then made, receiving as wages less than two dollars per week. This is a matter of record on the books of corporations now in existence. At the present time a weaver working sixty hours per week can produce four thousand yards of the same fabric, and will receive from five to six times the amount of money that was then received. At that time a weaver's weekly wage would buy from five to seven yards of his own product; to-day a weaver's weekly wage will buy from three to four hundred yards of his own product. What has brought about this marvelous change? I do not think that my friend will claim that it is all due to trade unions. Brains have been at work in inventing and applying new machinery, which, in turn, has helped along the trade unions' cause of increased wages and shortened hours.

And right here is where I bring in my chief criticism of trade unionism as it applies to our industry, as I have come in contact with it. So far as my knowledge goes, every introduction of new methods and of new machinery and every application of the brains of the managers has met with the stubborn opposition of trade unions, and we are meeting it to-day in the industry I represent. This is the crying evil, so far as I understand it. The community will see that order is kept; but the community will not interfere between the laborer and the capitalist in the application of new methods and of new ma-

chinery to modern industry. If we are going to have short hours and maintain the standard of living and have as much wealth as we now have, it must be by the application of the same principles we have used in the past. This restriction in the use of modern machinery and appliances is therefore the most crying evil, so far as I have had to do with trade unions. Although it has been disclaimed here to-day, I know it is so, as I can prove to you if you will come to Fall River.

We need between the employer and the employee the thoughtful judgment of the public at large. We are sinners on both sides; we do the things that we ought not to do, and leave undone the things we ought to do. I believe, however, that there is spirit enough in us to work out these problems, but we may never reach the ideal. I do not know that it would be well to reach the ideal set before us. What would we do if we did not have something ahead of us, something to hope for, something to struggle for?

JESSE E. POPE: I feel very much in sympathy with the attitude of both Mr. McNeill and Mr. Foster. It is certainly true that if progress means anything it means a better living for the masses of humanity. Other things being equal, a shorter workday ordinarily means a less product; and it seems to me that the question depends on our willingness to give up product and take leisure. I think that there is no doubt but that a better progress would be made, a more ideal condition would exist, if we were willing in some cases to take leisure and give up product. This is one of the points that I have always felt trade unionists did not recognize. Laborers feel that somewhere in the world there is a fund of which they are deprived, something

which, without increasing the output or increasing new wealth over old wealth in a given time, might give them more to eat, better homes, greater chance of travel. Now it seems to me that it behooves the people who believe this to show that there is such a product existing. I do not believe that it can be shown.

It also seems to me that the reason for the attitude of the manufacturer and business man against the trade unions is only on that delicate question of wages. People who are not engaged in business, who have not been obliged to get out at least such value as they put in, are unable fully to sympathize with the business man in this position. The other day I met some trade unionists from Cleveland who had come to New York to talk over with the trade unions there the conditions in the clothing industry. At the conference between the leaders of New York and the leaders from Cleveland one man said: "We have strong union conditions in Cleveland, but we have come here to ask how we are going to maintain those union conditions when our employers show us a coat that they have just received from New York which can there be made for \$2.69, but which, with the union conditions and cost of labor we have in Cleveland, they maintain they cannot make for less than \$2.80. They go on to say that if we maintain our union conditions in Cleveland, the manufacturer who is selling his coats in Omaha will buy those goods ready made up in New York." It seems to me that this is a very vital and difficult point to get around.

HUGO BILGRAM: I maintain that although trade unions assume a number of functions which are legitimate and beneficial, in what they consider their principal function they are a failure. It is generally

admitted that the remuneration of labor is lower than it should be. Producers are in some way compelled to share their products with those who have not assisted in production. Wages are low because the producers are deprived of a portion of the value they have produced. Now one of the chief functions claimed for trade unions is to raise wages by restoring to the workman a portion or all of that of which he is in some way deprived. But in this respect unions do not accomplish their object.

Labor unions aim to raise wages by coercive measures—by strikes or threats of strikes. But it is well known that whenever the cost of producing a thing has been increased by artificial means, the increased burden will, by virtue of competition, fall not upon the employer or dealer but upon the consumer. In other words, an increase in the cost of production resulting from strikes or threats of strikes will react upon the price of the products. While this may not be clearly manifest in every specific case, it is notwithstanding true in the aggregate. If, for illustration, trade unions could effect a doubling of wages, the prices of all products would in consequence rise to double their former rates, and the purchasing power of the nominally increased wages would be the same as it was before. Hence all efforts to raise wages by coercive measures must result in failure.

THOMAS N. CARVER : Some questions have been discussed here in which I am not personally interested, but which I assume to be pertinent to the question. I do not suppose that it is necessary to argue that laborers are justified in trying to get as high wages as they can, or that they are justified in organizing for that purpose.

That ought to be taken for granted. I shall certainly not insult the intelligence of a body of this kind by arguing that question. What I am interested in is the way in which the contest shall be carried on. Are the methods by which the trade unions are now trying to accomplish their purposes justifiable? Are we really interested in any other phase of the question? Granting that laborers are justified in organizing for the purpose of getting higher wages, are we to approve all possible methods of getting them? Even in the barbarous contest of football there are rules of the game, and a man may be disqualified for violating them. In the struggles of class against class society has one principal function to perform, that of enforcing the rules of the game. We are in a struggle and are fighting for our footing. Society lays down certain rules of the game, and if we violate these rules we are disqualified. That is the chief function, as I understand it, of organized society; and as members of society our chief interest in the question of trade unionism is limited to the narrow question, Are their methods justifiable?

The fact is, of course, that the conditions of labor are exceedingly bad, and the probabilities are that they will continue to be so, especially in the lower grades of labor. The only salvation for the laboring people, so far as I can see, is to avoid as they would a plague trades in which they are liable to be brought into competition with machinery. They must take it upon themselves to urge their children up into higher grades of labor wherever that is possible. But while the lower grades of labor are being forced upward, society should see to it that at the same time every opportunity is given to those who can rise to do so. For those who cannot I do not see that there is a very pleasing pros-

pect ahead. This gloomy prospect is, perhaps, a sufficient reason for judging their actions leniently.

MR. SWIFT : The last speaker as well as nearly all the others seem to think that for the larger number of the American people there is no chance. Let us examine, however, the course of to-day's discussion, particularly the discussion of a further chance for the workman of the future. This discussion assumes that industrial conditions are to remain practically as they are, and that trade unions are to go on hammering things as they now do, getting a little here and a little there.

Two great tendencies existing in society have been overlooked throughout. One of them is the rapid advance of consolidation on the part of capital, a tendency the result of which I think we can readily predict. This tendency has been going on for years, and will result in a complete consolidation of all industries. The other tendency is the movement to complete the organization of labor so that labor will form a complete, all-absorbing trade union with certain exceptions, the exception of possibly a large number of the unemployed. With capital solidly organized and labor solidly organized, the question will be this: Shall the standards which have been the prevailing standards, the hereditary standards, the standards of earlier times prevail? The struggle will be a contest to determine whether these standards are correct, and you will have the battle of the giants. That is the labor question, and all these other things being discussed are simply side issues.

DELMER E. HAWKINS : If trade unionism, as has been declared in substance here to-day by representatives of organized labor, means that organized labor has

undertaken itself not only to determine what is good and what is not good for all labor, but also to force, by means other than persuasion and moral influence, the non-union laborer to accept its views and to become union—if trade unionism, as has been said, means tyranny over non-union labor wherever and to whatever degree organized labor thinks tyranny justifiable from its own point of view, then the questions of unionism that now confront the United States and that will continue to confront the United States until they are settled and settled right are three: (1) Is it necessary that American liberty be abridged or extinguished in order that American wage labor, organized or unorganized, may progressively, rightfully, and naturally improve its conditions? (2) If it is necessary, how far and to what extent is it necessary? (3) If not necessary, how is organized labor to be brought to see that it is not necessary and be compelled to obey the laws that guarantee liberty?

These will be the questions for political economists, statesmen, practical politicians, employers, and employees, for they answer the one question here involved that is fundamental to all other questions in the matter and to all civilization and progress, the question of individual human liberty.

C. S. WALKER: The first president of this association has given us a definition of competition: the unrestrained operation of individual self-interest, each man acting for himself in exchange to get the most he can and give the least he must. For years the employers of England especially laid down this law for the settlement of all questions. The laborer had his labor to sell; the manufacturer had his commodity to sell. This

was the great law of the game, and the employers combined to enforce it to the bitter end. They said to their hundreds of workmen, "Let each man, acting for himself alone and by himself alone, sell his own labor the best he can." Now laboring men have learned the lesson which the English capitalist taught; they have organized and they act upon this law of the game, aiming to get the most they can and to give the least they must.

This law of competition brings destruction to the weaker party. Only the stronger party favors the law. If the parties are equally matched, the result is mutual destruction.

When seventy millions of the working people of the United States form one tremendous labor trust, fighting face to face with organized capital, there will be a revision of the law of competition, and the institution of this one: The efficient operation of a wise self-interest, designed always to promote the general welfare, while at the same time it secures the best interests of all parties to the exchange. Make this law of the general welfare the rule of the game, let the labor trust and the capital trust have a merger and form one big trust, and then there will be no more war between capital and labor. But there is one other party to come in, and that is the consumer. It is possible for capital and labor combined to wage war against the consumer in particular instances, but not generally, for in general the laborers and the capitalists are themselves the consumers of the wealth they create. Consumers are nevertheless parties to be considered. Let them join with capitalists and labor and form one big trust, then the question will be settled thoroughly.

A. W. FLUX: There are some things which I am stimulated to say by what has come up in the course of debate. The first is, I have yet to learn that there is generally any such considerable difference between the supply price and the demand price for labor as to enable the condition of labor to improve substantially on the basis of what has been suggested.

I should like also to make a reference to something Professor Carver has said. What are to be the rules of the game under which social life is to proceed? One particular rule was referred to in the course of this morning's discussion. What is to be the position of society in regard to one of the aims which certain trade unions place before themselves, viz., that they shall control the supply of labor in the particular trade they represent by setting up a somewhat arbitrary standard for admission to the trade? If we examine how that rule is going to work, I think we shall perhaps doubt the wisdom of too free an assertion of complete control on those lines by the rest of society. If each industry in turn should set up a like standard, what would we do with those excluded? I think the trade union authorities should consider very carefully what road they are running on in connection with various rules of the game.

THEODORE MARBURG: It is pleasant to note that excepting in the case of one speaker who I believe is not an employer of labor there has been sounded no hostile note against trade unions as such in the whole discussion to-day. The question is no longer one of form or organization, but one of conduct. The practices of the unions under discussion to-day should be considered from the standpoint of social justice and from the standpoint of their effect on the industrial product.

To further the cause of justice is one of the highest purposes of the modern state, and we fail in our duty when we countenance such practices as we witnessed in the coal region last summer, where there existed a condition of violence and persecution extending even to little children in the schools which was simply intolerable, and the repetition of which ought to be made impossible. As to the effect of trade union practices on the industrial product, limiting output not only limits the product, and therefore limits social wealth, but also is a stupid practice for the laborer himself, because, as we all know, his wages ultimately depend on what he produces. The situation is by no means so gloomy as it has been pictured. Organization, far from being feared, is to be welcomed; and the solution of the problem will probably come in this way: when employers as well as employees are thoroughly organized, the trade agreement, which solves many burning questions, will become possible. It deals directly with the questions of hours, wages, and limitation of output, and under it organizations become strong enough to suffer the presence of the non-union man.

MR. GRIGG: I wish that the public generally would recognize more fully than they do the existence of economic law, or of forces which certainly might be called economic law, in the establishment of prevailing rates of wages, not that I believe that this working of the economic law is sufficient to bring about conditions which we desire to have brought about, but that there is such a thing and that it should be more fully recognized is all I contend for. The cheap laborer needs as much, his family is as large, he is as good a man perhaps, but the conditions of supply and demand, the marginal pro-

ductivity of that class of labor, is a very different thing. This economic force is certainly in existence and must be recognized.

We must all recognize the most beneficent influence of labor unions when they are working along the lines of economic forces. We recognize that these economic forces do not work very exactly, that they do not establish a very exact rate of wage in any particular case, and we must recognize that laborers may through combination of special circumstances enhance the more natural rate of wages. We continually see the most beneficent work of labor unions in counteracting these forces and in working along these economic forces in bringing about a better condition. We must recognize their most beneficent work in bettering sanitary conditions and in many lines of that sort, and so long as the labor unions are working in this way they deserve the support of people who are working for the improvement of social conditions. It is quite possible, though, for a labor union under given conditions to advance wages beyond what would be a natural rate. In order to maintain this advanced position they must establish some sort of monopoly. I do not say that they have no right to establish as high a rate as they can, but as soon as they do this we must consider them as working not for the advancement of the whole class but for themselves.

HENRY W. FARNAM: The chief interest of the discussion which we have had this morning lies in what it indicates with regard to tendencies. Trade unions are nothing new, and they certainly will be much older before we are through with them. It is unwise, therefore, to assume that what is laid down now as their ideal is necessarily going to be their ideal a quarter of a century

hence. It has interested me very much so see how far practices advocated by the present leaders differ from those of a quarter of a century ago. In the ideals, too, as laid down this afternoon we may see a good deal of progress.

Not long ago the policy of deliberately restricting the output to make work was commonly advocated, and yet the spokesman of the unions here has distinctly disavowed it. That represents a decided advance. But we are not yet informed how far the trade union movement is going to assist in creating a fund out of which higher wages may be met. In the future I hope to see an advance along that line. I hope to see the trade union itself a real productive force, not merely aiming to get a larger share of the loaf, but itself assisting in making the loaf larger.

ISAAC HOURWICH: It seems to me that the gist of the discussion is the non-unionist. From my personal observation I do not see how a union agreement can be made otherwise than by insisting that all men who are employed in a shop shall belong to the union, otherwise the agreement is not worth the paper it is written on. You must take into consideration that when an agreement is made by a manufacturer with a labor union it is never done with a great deal of willingness. Both parties are trying to take advantage of each other, and certainly if there is any way to evade the terms of the agreement, each party will quickly avail itself of that opportunity. Suppose an agreement is made with a manufacturer that he shall pay a certain rate of wages. That agreement will bind the parties. Should the manufacturer have the privilege of engaging non-union men, having at the same time the privilege, as he always

has, of discharging men, what is there to prevent the manufacturer from gradually laying off all the union men under the pretense that there is no work for them, and substituting non-union men with whom they have no agreement? In that way the whole agreement can be made inoperative, and for this reason any lawyer who will advise a labor union will certainly insist upon the provision being inserted in the agreement that none but union members shall be employed.

ERNEST F. DU BRUL: Mr. Pfahler is certainly right when he says that the secrecy and coercion of trade unions are two things by which they shall be judged. "By their fruits ye shall know them." As to the so-called "peaceable persuasion," I want to impress as strongly as I can on the minds of this assembly that there is no such thing as peaceable persuasion. I have been through the picket line myself, dressed as a workman, and I know the intimidation a man must suffer; it is something which workingmen could never resist. I was threatened with everything. My photograph was taken to be hung up in headquarters. I was to be blacklisted from one end of the country to the other, all because I chose, or seemingly chose, to exercise my free American right to go to work on such terms as were satisfactory to me.

It has been asked, Where are the great mass of non-union men? They are in the unions. The statement made about the Chicago shoe manufacturer by Professor George I think shows a typical instance. The great mass of members of the unions are there, not because they want to be, but because they must or think they must be there. When times change, when conditions

are such that these men find that they do not have to be in the unions, they drop out. I can give proof of that wherever the employers have become organized and disciplined. The fear of blacklisting by the union keeps more men there than does love of the union's principles and methods.

I can appreciate how the unions feel about the non-union men, but I have never seen the time when I felt we could coerce any employer into joining our employers' union, because I believe that as American citizens we are both barred from doing certain things. There is one distinction, however, between our union and theirs, and that is that we can stand up before any assembly and say that there is not one act that our organization has ever performed that will not bear the light of day. Our constitution and by-laws provide that we shall be subject to the constitution and laws of the United States and of the Dominion of Canada, into which we extend. I have yet to see a union constitution and by-laws providing any such thing. I have yet to see a union expel a man because he has been convicted of crime. Nearly every union constitution with which I am familiar provides that the president and executive board, or some other officials, shall be the judges, not only of the laws and constitution of the union, but of the *usages*—and those usages are not down in black and white; they do not dare put them there.

It has been said that the officers of unions do not stand for coercion and violence, that they do not approve of the restriction of output. Perhaps they do not, perhaps in secret a great many of them do. There is no telling; the unions are secret. It is a fact, however, that one of the fruits of unionism is the restriction of an establishment and of the machinery used therein. Denials can be made

in any way whatsoever, but here are the facts. I have placed a number of documents in the hands of Professor Commons in his investigation of the restriction of output. The machinists' union will strike against the premium system every time; they want nothing but day work. The minimum rate for the incompetent, wherever established, becomes in effect the maximum for the good man, and it cannot be expected to be otherwise.

It has been said that the union and the non-union men cannot mix, and I believe it is true, because the union will have it so wherever it can. Most employers would rather not discriminate against union men, but they are often compelled for self-preservation to shut the union man out of the shop because he insists on interfering with non-union men. Then the union raises the cry of blacklisting. Such blacklisting, if that is a proper name, has two sides. It is a compulsory blacklist. In such cases the union blacklists itself, and then raises a howl against the employer when its own bite hurts.

In speaking of the press, I want to say that this myth about the press favoring the employers has been exploded long ago by those who have been in strikes. Do you mean to tell me that to-day in the coal strike hearings all the things that are coming out there are being printed—brought out on both sides? From personal experience I cannot believe it. During strikes I have asked newspapers to put in a statement as to what the employers were standing for and fighting for, but they would not print it as we wanted it. When we asked them to print it at advertising rates they said that they did not want that kind of advertising.

As Mr. Pfahler well said, there have been no explanations of convictions for assault where unions are

implicated by the juries, nor have we any explanations as to why the fines are paid by the unions in criminal cases. One man, to-day an international president, then president of a local union, during a strike got up in court and swore that the struck firm was never even mentioned in the union. Thirty other men perjured themselves the same way. When we subpœnaed the books, the minutes were full of references, resolutions, committees, bills, all relating to that firm and signed by the president. One union man was pinned down by the court and compelled to answer as to whether his union oath or his duty as an American citizen was paramount, and he replied, "The union oath." The secret, oath-bound organization was superior to anything else. Judge them by their fruits. We will take the anti-injunction howl, and we will take the anti-militia howl. The Federation of Labor stands pledged for the anti-injunction bill. Why? Is an injunction in any way to injure or hinder any man who wants to keep within the law? Are union pickets for the purpose so cynically claimed by the president of the Allied Metal Mechanics Union? Are the pickets put around the plant to protect the plant from employers wishing to destroy their own property in order to bring odium on the unions? Tell that to the marines. The militia has not been shooting down peaceful citizens, and the injunction has not and never need be used against men who want to keep strictly within the law.

The strike position assumed by the union is this: "We have a proprietary interest in that job; when we leave it we must be allowed to go somewhere else to work, but we will not allow any one else to come here and take this work." Wherever the employer is strongly enough organized to put that same logic on them and

say, "Very well, if that is your job you shall have no other," then we get the blacklist howl again. When the employers are disorganized and have a divided interest, the union assumes that position and do all they can to maintain it; but when the employers are organized and put the union's own logic to work, they are called blacklisters, deserving of the most horrible punishments for interfering with the union's blacklist on the employer and on non-union men.

The public in this labor union question must drop sentimentality and get at the facts. I have a clipping recently taken from a labor paper saying that the union wants the wage question stripped of everything, bathtubs and all, except the mere exchange of dollars for labor, and wants that exchange on the best terms possible. If it were only that it would not be hard to arrive at some arrangement, but there are other things. The union control of shop, the denial of the right to exercise American freedom, the limitation of production,—these are things that our organization and many other organizations of employers stand pledged to oppose. We think and believe that the American people, without un-American distinctions or discriminations because of economic creeds or of racial, religious, or political differences, will fairly decide which organization, of employers or of employees, has shown itself to be the more worthy of consideration and has shown the greatest regard for law and for the rights of all persons.

FRANK K. FOSTER: Under the limitations of my topic, I did not feel at liberty to extend the bounds of my paper to the degree suggested by those who have criticised its scope.

The professor from Harvard has asserted that we have passed that stage where a discussion of right of labor to organize is necessary. I fear that this is not entirely true. Workingmen have made very great sacrifices for many years in order to establish the right to organize, and are even yet obliged to do so. Although we have 1500 trade unions in Massachusetts, it was not long ago that in many localities for an employee to be active in the formation of a union was, if the fact became known, equivalent to his inviting his own discharge. From the attitude of the coal mine owners of Pennsylvania it does not appear that the union of miners in this state was recognized until a potent outside force was brought to bear upon the employers.

The critics here to-day have begged the question of the alleged infringement by the trade unions of the personal liberty of the individual. The non-unionists are to be congratulated that such strenuous champions of their privileges have arisen to secure for them a consideration which they have never shown themselves especially solicitous to secure. But it should be noted that these same champions have not been in evidence in protesting against the long existing ills under which labor has suffered. They have been silent while the tragedies of the sweat shop and mines have been enacted. Why, then, this sudden fear lest liberty shall be infringed by the efforts of workingmen to better their condition?

Our government, the government of a Christian nation, "benevolently assimilates" some millions of little brown people on the other side of the globe—for their good, we are told. The trade union attempts the assimilation for their own good of those who are the agents in blocking greater freedom for labor. Some

gentlemen have lamented that unions persist in getting more wages despite economic law. If the upward pressure on the wage rate exercised by trade unions does not meet with the approval of some political economists, so much the worse for the political economists.

During my twenty-seven years' membership in a trade union I have sometimes doubted whether it is possible to arrive at a common focus of vision with those out of direct touch with the labor world as to these problems under discussion. The plane of vision accounts for much of the diversity of opinion here expressed. It has been said by one speaker that the thing to do was to discuss the rules of the industrial game. This may be so, but you can hardly expect those who are in the hurly-burly of the industrial conflict to regard with complacency those existing rules which allow the heaviest and strongest players to pile themselves on top of the wage-earner.

I know not where history reveals the fact of the possessors of advantage and of opportunity in the race of life having voluntarily given up their advantage. Some form of coercion has always been requisite to force them to do so. Under free institutions the laborer has been given the legal right to exercise certain kinds of coercion hitherto denied him. Free speech, labor organizations, the ballot, all represent this lately acquired force, and it may be conservatively asserted that the wage-earner proposes to use them all to accomplish the realization of his ideals.

In the last analysis the entire social problem is a question of the relationship of individuals. The spokesman for the Metal Trades Association has truly said that respect for each others' power is necessary in order that

men reach that point where they are willing to arbitrate with and conciliate each other. This is true of the great nations of the world; it is also true of the opposing forces in the industrial order. Trade unions are militant organizations, but they are ready to hold out the olive branch when the disposition to receive it exists on the other side.

CURRENCY PROBLEMS IN THE ORIENT

JEREMIAH W. JENKS

In our heated discussions of the money question during the last few years there have been predictions of enhanced prosperity, forebodings of dire disaster ; but in our business life, with rare exceptions, we have had relatively little variety in experience to give us trustworthy data for sound judgment on the permanent effects of monetary changes. In the Orient, on the other hand, we find grouped together differing monetary systems under similar conditions, and similar monetary systems under differing conditions, so that we have a variety of experience from which we may perhaps hope to derive some rather general principles.

In this discussion I hope from a brief example or two, not indeed to derive new principles of monetary legislation, but rather to give new emphasis to some old principles by which we may attempt to forecast the general effect of a proposed change in a monetary system and possibly even roughly to measure the beneficial or injurious result of such change. I shall try, then, to apply briefly these principles to the situation in the Philippines.

Currency questions have usually been treated by economists in connection with the subject of the production of wealth, exchange being considered as part of the productive process. Lawmakers in their discussions have, of course, attempted to show how changes in the money system affect the welfare of the people. In their analyses they have spoken of the interests of the debtor *versus* those of the creditor classes. At times they have mentioned even the effects upon laborers and

house-keepers. In the last two presidential campaigns the analysis of social results went even somewhat farther. Speaking generally, however, the importance of considering the currency from the view point of the consumer, the man eating to live, using wealth to do his work, has been neglected. We have thought first of the effects of a change in the monetary system on the business community in general, only later of the way in which the change might cause a redistribution of wealth among different classes with a consequent change in the habits of life of these classes.

In the Orient, where the standard of living is low so that a partial failure of crops necessitates the remission of taxes in order to prevent starvation, one thinks more of the effects of changes in the currency upon social classes. Moreover the classes are so sharply divided that they are naturally kept separate in discussion. Orators speak less of debtors and creditors, or even of employers and laborers, but more of white men acting as bankers, traders, or planters, of Indians acting as rulers, merchants, or agriculturists, of the Chinese as traders or coolies, and of the various castes with their differing occupations. The whole social structure of the Orient thus leads to the consideration of most practical economic questions with reference to the various social classes.

From this point of view we may wisely consider the currency question, and illustrate by examples. The experiences of India in connection with its currency since 1872 have been most striking. Under the system of free coinage of silver, which obtained until 1893 while the value of silver was falling in comparison with gold, the value of the Indian rupee as compared with the English shilling was of course likewise falling at

rates varying from time to time. The total fall in the rupee from 1872 to 1893 was from some two shillings to less than thirteen pence for exchange on London. Practically half the value of the rupee was lost. Of course the British officials, whose pay had been largely in silver rupees but whose purchases were to a considerable extent goods manufactured in gold standard countries and whose savings were transmitted to England for use, naturally felt seriously the fall. They had, in effect, lost half their salaries except as the government had made compensation. Likewise the Indian government, with its large interest burden payable in gold, but with its income, speaking generally, receivable in silver rupees, felt the change. In consequence revisions of the tax rate and impositions of new taxes were employed to lessen the burden; but at length these measures seemed no longer practicable, and the government was forced to consider the question of some change in monetary policy.

As soon, however, as it was proposed to stop the free coinage of silver and to provide for fixing the rate of exchange with gold, vigorous protests were heard from many quarters. Especially loud in their protestations were many Englishmen who were producers of goods for export from India to England or to other gold standard countries and also certain classes of native agriculturists whose products were also intended chiefly for export. Time does not permit a discussion of the details regarding these clashing interests, but it is important to indicate the nature of the problem. How would the change of currency policy affect the different classes in the community?

The chief source of profit of the large bankers in the East has been in buying and selling exchange. Since

they, speaking generally, were better informed than most of their customers, although they at times lost from the fluctuation in the rates of exchange brought about by changes in the relative values of silver and gold, they usually gained. The manager of one of the great banks in Calcutta said a year ago, "Since the rate of exchange has been fixed we do not lie awake nights from anxiety so much as we used to, but the business is much less interesting, and while less risky, it is also less profitable."

Importing and exporting merchants were affected according to temperament. Those who enjoyed the excitement of speculation did not object to the fluctuations in exchange. They kept themselves well informed, took risks when it seemed advisable, and at other times were willing to pay somewhat to have the banks fix a rate of exchange in advance. Those who were more conservative and disliked the gambling element introduced by rapid fluctuations were eager for a fixed rate of exchange. In both cases it is perfectly clear that the element of risk partakes to a considerable extent of the nature of gambling, and that what one party makes the other loses.

This same principle, that what one party gains from a variation in the rate caused by a depreciating or fluctuating currency another loses, has not been so apparent in connection with the stimulus given to export trade by a falling rate of exchange. It has been repeatedly urged that business is greatly aided by a falling rate, inasmuch as those who produce for export, selling their goods at a steady price in a gold country, receive therefor a continually increasing quantity of silver; whereas their expenses, being paid mostly in silver, do not increase proportionately. To take, for example, the tea

producers of Ceylon. There can be no question but that for years they paid their laborers substantially the same rates of wages in silver rupees, while they received steadily, so far as this one factor was concerned, an increasing amount of silver. Under these circumstances they were continually profiting from the fall in silver, assuming, for the sake of the argument, that the gold price of their product remained the same. It is of course a fact that with these increasing profits competition among themselves, as well as the rapidly increasing output, tended to reduce materially the gold price of tea. That fact, however, is somewhat aside from the present argument. There was doubtless an immediate gain from the falling exchange.

In this case, now, did the laborer lose what his employer gained from the fall in silver? There is no evidence to show that he did. His articles of consumption were largely cocoanuts and rice or other grains, of which the prices were often not affected by the fall in the value of silver, but depended mainly upon local conditions substantially the same as did his wages. His wages, then, yielded him as many comforts as before, aside from the very little that was expended for imported cottons and similar material. The prices of these, though actually less from the fall in gold prices in England, still were kept higher by the fall in silver than they otherwise would have been. Is this, then, a case of a gain to the employer from the falling price of silver without a corresponding loss to some one else? We need to trace the rupees further. If the laborer in buying his food paid the rupees out to other natives whose articles of consumption were also not affected by the fall in the price of silver, no loss was yet felt, but eventually the rupees did come into the hands of those

who were in direct touch with gold exchange, and these were the losers. In the greater part of India it is probable that the eventual loser under these circumstances was generally the government. The rupees, passing through the hands of the natives, affected their lives comparatively little, inasmuch as they were consuming chiefly local goods; but when the government received them in taxes, inasmuch as its chief obligations had to be met in gold it suffered. And if instead of the government any individual, like a government official with business in England, one whose obligations had to be met in gold, received the rupees, he felt the loss corresponding to the tea planters' gain. Probably in most cases, as has been stated, the producer for export, native or European, gained ultimately rather at the expense of the government than of any special class in the community.

The gain to the exporter was also accompanied by a corresponding loss to the importer for consumption, who had to pay a steadily increasing number of rupees for the imported goods which he consumed. After the stoppage of free coinage in India had checked the fall in the value of the rupee and it in turn began to rise, each class was affected in a way opposite to that just described.

No shifting of the relative value of the currency, then, can be said, speaking generally, to benefit one class in the community without a corresponding loss on the part of some others in that community unless the change directly increases or lessens production. It is possible, however, that in individual cases this may be the effect. It is even probable that for a time the large profits secured by the Ceylon tea producers led to the investment of considerably more capital from Europe than would have

otherwise come. It seemed even to be the opinion of the Ceylon Currency Committee, appointed in 1893, that this added prosperity which had come through the stimulus to business was enough to more than offset the loss which had come to the government from the fall in exchange—and this may well be true. I have mentioned the tea producers. The same results, so far as this factor is concerned, were felt by the wheat growers, doubtless in part by cotton growers, as their product came into competition with a foreign product, and by others. The fact that there may have been an overproduction and a crisis, as really happened in tea production, does not affect this general conclusion.

On the other hand, for a country differently situated the fluctuations in the rate of exchange doubtless would discourage the investment of capital enough to more than offset the gain that would come to certain classes in the community. The first principle, then, which I wish to emphasize is this: Speaking generally (I grant minor exceptions), any gain which comes to one class in a country from a falling or rising value of the currency compared to that of another country with which it has business relations is substantially offset by a corresponding loss to another class.

If the class which gains is one that sells goods to or receives payment of obligations from the foreign country, the class which bears the corresponding loss is the one directly or indirectly buying goods from or paying obligations to that country. Other classes are not affected directly, though minor indirect influences may be felt. There is no possibility, by changing a currency system along the lines indicated, of direct benefit or injury to all classes of the people.

To consider next the question of benefit or injury to the country as a whole. The method of estimating the advantage or disadvantage to a country as a whole from this artificial redistribution of wealth brought about by a change in the currency system is to consider whether the classes benefitted are, on the whole, of more assistance to the country than the classes injured. It is not necessarily entirely a question of numbers, though numbers of course are to be carefully considered. President Walker, in his discussion of the money question, is inclined to believe that a currency very slowly depreciating from natural causes as compared with goods is beneficial to the country, inasmuch as it gives a certain "fillip" to industry by rendering the burdens of the most enterprising class in the community, the entrepreneurs, steadily lighter, while the burden is borne by the retired capitalists. In the same way we might possibly say that the stimulus which has come from the silver standard in some of the countries of the East has been beneficial to the country concerned, inasmuch as it has increased the profits of those who had enterprise and who were engaged in opening up the country, thus ultimately benefitting all, while those who suffered were the unenterprising who without the pressure from the energetic would have let the country, themselves included, stagnate. For example, in Sumatra the gainers would have been the planters; the losers persons like the Chinese coolies, so far as they did actually feel the effect, whose prosperity would have gone to the benefit of China rather than to that of Sumatra. The question of justice or political policy in distinction from economic gain is not discussed in this connection, though it may well be the one of chief importance.

This is not the place to discuss in detail the way in which the various currency systems have worked in the countries of the Orient. The principles laid down may be found exemplified in various ways. In the Federated Malay States and the Straits Settlements, for example, the profits to the bankers, the exporting producers, etc., have been made to a considerable extent apparently at the expense of the Chinese coolies, although the latter have doubtless never become conscious of it in most cases, and in fact in many instances have passed their silver on without loss till it reached the hands of some one dealing with gold countries. In part, also, the gain has been at the expense of the governments and of the European consumers of imported goods. In Sumatra, as indicated above, where with the Dutch gold standard and silver coins at a fixed par of exchange, employed in official business, has been combined also the customary free silver money of the Straits Settlements, used on the plantations for the payment of coolies and in general for ordinary business, similar effects are seen.

In Java, on the other hand, where the Dutch system, mainly a silver currency with a fixed rate of exchange with gold, has obtained since 1877, we find freedom from the speculative tendencies of the silver standard; but at the same time experience has shown that the serious depression in certain lines of industry, as coffee planting, tea planting, sugar planting, etc., brought about by falling prices in Europe or by other extraneous causes, has not had any offsetting advantage for the planters coming through the fall in the rate of exchange. It is entirely possible, however, that on the whole the gains to laborers and to government have been equal to

or have surpassed the losses to the planters. It is at least probable that owing to the fact that the business of Java is carried on almost solely through the home country it would not have been wise for Java to adopt a silver standard contrary to the system used in the home country, even though the planters are the enterprising class. But that the producers have felt the disadvantage of competition with silver countries is beyond question.

It is of special interest now for us to consider briefly the situation in the Philippines. The same principles apply there. The gainers from the silver standard have been the bankers, to a considerable extent the large merchant firms, and the large producers when they have been themselves the exporters. Generally speaking, however, these are European merchants who have bought from the producers, and there is reason to believe that competition has not been vigorous enough to keep them from being the gainers, rather than the producers from whom they bought. The losers have been the Filipinos, who have sold their products at silver rates, who have received their wages in silver, and who have bought imported goods; also government officials and the government that has received its taxes in the depreciated coins. The fact that in the Philippines the taxes have been largely indirect has not lessened materially the burden upon the government.

It seems to be a settled fact that the Filipinos will increase and increase rapidly their consumption of imported goods, imported machinery, etc., within a comparatively few years, so that if the silver standard were retained and silver were to continue to fall, the burden would rest the more heavily upon them. There is no especial reason for thinking that they would or could do

the work which has been done heretofore by the foreign merchants, exporters, and bankers, and thus make the gains coming from a falling rate.

The general principles, then, which experience throughout the Orient seems to substantiate show that a country cannot wisely fix its standard of money without making a careful study of the effect of the proposed standard upon the redistribution of wealth in the community. The advantage or disadvantage to the country of increasing the prosperity of one class at the expense of another cannot be overlooked, and the question is essentially a class question. Aside from the question of economic gain or loss there must be kept in mind also that of justice or injustice, and, from the political point of view, likewise there must be considered the sense of appreciation of gain or loss and of justice and injustice on the part of the persons affected. These last questions may well outweigh in importance the purely economic question of the redistribution of wealth.

CURRENCY PROBLEMS IN THE ORIENT—

DISCUSSION

CHARLES A. CONANT: The difficulties which our government has discovered in the Philippines in regard to the currency are symptoms of a world malady. A new crisis of exchange has been evoked by the recent fall in the gold price of silver, a crisis which does not affect the gold countries directly in their transactions at home, but does affect them profoundly in their relations with the East.

By an unfortunate combination of circumstances China has been subjected to a burden which, under her loose system of taxation, has withdrawn her from the market as a purchaser of silver and brought her into the market as a vender of it. The result has been primarily to depress the price of silver almost to one-third of its old historic parity. Much more important has been the effect of this fall in silver upon China and other silver-using countries in diminishing their power to buy abroad. There is danger that the powers, in exacting the last pound of flesh from China, have made it impossible for her to continue her purchases of \$200,000,000 annually in foreign goods. The fall in silver has necessarily produced a similar influence in less degree upon Mexico by adding greatly to the silver price of her imports, has arrested the development of the Philippines by discouraging the investment of American capital, and has threatened to invoke the same form of crisis in Siam, the Straits Settlements, and the extensive possessions of France in Asia.

Thus the unforeseen result of diplomatic greed is to defeat the purpose of all the costly and ostentatious

measures of Caucasian intervention in Chinese affairs for the last half century. I am a strong believer in "Imperialism" in the sense that the advanced powers should open the undeveloped countries to civilization and introduce among them the machinery of modern production, commerce, and finance; but of what use is it to fight for a new customer if he is to be robbed of his means for buying or of paying for what he buys?

The situation calls loudly for a remedy, but it is useless to seek this remedy in the delusive quicksands of international bimetallism. It is not strange, perhaps, that those who were impressed by the importance of a fixed par of exchange between the gold and silver countries should at a certain stage of economic knowledge have turned to bimetallism for a remedy. In the scientific sense of the term in which I use it here, however, bimetallism means the equal treatment of the bullion of two metals through the coinage of either (at a ratio fixed by law) at the option of the holder of the bullion. It was the aim of the bimetallists by thus opening an unlimited market to either metal to keep them equal to each other at an arbitrary parity. The experiment inevitably failed wherever it was put to the test, because it is not in the power of law to establish rigid relations of value between two different things. As well might it be attempted to enact by law that the price of wheat, when there is no restraint on production, should always have the relation of one and one-half to the price of corn as that the value of gold should always have the relation of sixteen or fifteen and one-half to that of silver.

The theory of bimetallism has been a Lorelei's song which has beclouded able minds and lured nations onto the rocks of monetary experiments which have

wrecked or all but wrecked their solvency ; but it is to-day substantially a delusion of the past, no more to be invoked for settling monetary problems than the mercantile system for keeping a nation rich in gold.

The principal silver countries are not fitted for the introduction of a pure gold currency. Their scale of wages and prices is too low to make gold coins convenient in daily transactions, and their wealth in most cases is insufficient to justify them in entering upon a rivalry with the rich nations for the world's stock of gold. Is there, then, no remedy for existing conditions? Must the silver nations be condemned to a rate of exchange with the gold nations which fluctuates within the widest limits, which exposes their trade to greater uncertainty than the throw of the gambler's dice, and which repels from investment among them the accumulated riches of the great civilized nations? This by no means follows ; there is a possible remedy based upon sound economic principles. That remedy I endeavored to introduce on a modest scale in the Philippine Islands, and I believe that it is the one remedy which must soon be applied upon a larger scale in all the silver using countries. This remedy consists in recognizing in the management of the currency the law of supply and demand.

There is in every country a certain demand for the tools of exchange. If we could calculate that demand with precision, we would know just what quantity of money was required at any given moment to do a country's business. But we cannot calculate it even for a given moment ; and if we could make such a calculation, it would not be completed before it would be nullified by new conditions of supply and demand for commodities at home, by new conditions of foreign exchange,

and by new mental moods among producers and consumers. What we can do is to adopt a system which will respond by its own mechanism to the demands for currency by diminishing the supply when it becomes excessive and by increasing it when it becomes deficient.

It is possible to bring silver coins into a fixed relation to gold by so limiting the supply of such coins that it will always equal and no more than equal the demand at a fixed price. An excess in the quantity of silver inevitably forces down its price in relation to gold, and no power of civil law, however far that law extends, can defeat the paramount law of business that an excess of supply will cause a fall in price. The price of an article responds to the demand for it. If the silver currency of the Philippines is just sufficient in quantity to meet the demand for it, it will retain the value given it by law; if the supply is greater than the demand for it, no law can bolster up its price. Control of the quantity of the currency by the government is the only means of separating it from the fluctuations of the bullion market and of giving it a definite value in gold.

Government control of the supply of coinage does not mean that this supply shall be arbitrarily fixed without reference to the currents of commerce. If the supply of silver currency in the Philippines, in Mexico, or in any other silver country is kept at a fixed relation to gold, gold will continue to be, as it has nearly always been, the money of international commerce. An increased demand for currency will manifest itself by a high gold value for the local money, while a decline in the demand will manifest itself by the loss of such gold as the country has and by a decline in the gold value of its silver coins. Through the foreign exchanges it will always be possible to determine whether the supply of

currency is responding adequately or not to the demands of trade. If the government stands ready to coin additional silver coins whenever gold is offered for them at a fixed ratio, and stands ready to withdraw them from circulation whenever they are offered for gold, the quantity of the domestic circulation will respond with the same automatic regularity to the movements of commerce as though the whole currency were of gold. In what I have just said the words "foreign exchange" might properly be substituted for the word "gold," for in most cases the banks, through the prices which they fix for bills of exchange, will themselves regulate the volume of currency in circulation and the demand for additional coinage. They can do this with peculiar ease and even without any direct offer to redeem silver in gold if the government will establish a gold exchange fund in the financial capitals of the world, like London and New York, against which bills may be sold when the currency is redundant and where bills entitling the holder to silver coins may be bought with gold when there is a demand for them. The offer to receive the silver coins at a fixed par for public dues would establish a limited redemption, such as has alone maintained our own silver dollar at a par with gold.

This, in my opinion, is the only means of solving in an intelligent and effective manner the problem of the relations between the gold and silver countries and restoring something like par of exchange between them. It is possible that the fluctuations of exchange under such a system would occasionally exceed those between two gold standard countries, but they need not go far enough to cause any disturbance of prices and values at home or any serious loss to investors in the gold countries.

In order to secure the best results for silver as a commodity and for the steadiness of the monetary system of the silver countries, it is highly desirable that there should be some international concert of action between Mexico and those countries having dependencies in the East. Such concert of action would undoubtedly recognize the fall in the value of silver by the adoption of a new ratio of about 32 to 1, as has been proposed for the Philippines. If China is given a uniform monetary system, as provided in the recent draft of the treaty with England, she will absorb immense quantities of silver and do much to give to the metal stability of value. The adoption of a common unit of coinage between China, Mexico, the Philippines, the Straits Settlements, and Indo-China would undoubtedly do much to promote their trade with each other and with the gold countries.

It is not desirable, however, in my opinion, in the present state of international good faith and economic knowledge, that one nation should be bound to use the coins of another or that any nation should be deprived of that exclusive control over its own monetary system which is lacking in Mexico and the Philippines because their depreciated silver coins have become international in their use. It is desirable that each nation should have control of its own monetary system, in order that it may correct its own mistakes and suffer the consequences of its own blunders; but the time is evidently at hand for a new effort to restore the par of exchange between the gold countries and the East along lines conforming to economic laws instead of along lines vainly seeking to reverse them.

G. BRUCE WEBSTER : Personally I am in favor of silver as being the most suitable and beneficial form of money for the Filipinos themselves. While residing for some years in the Orient I was brought very closely in contact with the natives of those countries. Although I fully understand the inconvenience and hardship to Americans and Europeans consequent on the depreciating value of their stipends when measured in gold, I have seen no reason to believe that any hardship has resulted to the Filipino natives, whose needs are almost wholly supplied by silver, owing to the growing cheapness of silver. I instance this to show that although many people consider that silver is doomed to die in the Orient, in the Philippines particularly, I am of the opinion that for the Philippines and for the natives of those countries which are only in the earlier stages of civilization, whose wants are few and small, cheap currency is best suited.

The banks have been much abused for the profits they and they only are supposed to have made out of this variation of the value of currency in the Philippines. Professor Jenks has hit the nail on the head when he speaks of the laborers getting the benefit of the enhanced silver prices for his products sold in gold. He has doubted whether the laborer, the original producer, does get that ; but it must follow, I think, that the profits of a large purchase price, in whatever coin or country, must necessarily permeate in effect until they reach the producer. As soon as foreign exchange falls the silver price of his products is enlarged and he shares in the consequent benefit.

Assuming that it is desirable to establish a system of coinage or currency for the Philippine Islands which will not be more favorable to the exports than to the im-

ports of the islands and which will give a more stationary standard of value in respect to their trade with countries having a gold basis currency, thus obviating the inconveniences of violent fluctuations in exchange, it is of first importance to select the system involving the least likelihood (1) of disturbing existing values and thus doing injustice to either debtors or creditors, (2) of adding to the cost of life's necessities, (3) of dislocating the wages scale and consequently restraining production, (4) of inconveniencing trade by adopting a form of money unsuited to the daily needs of the people, (5) of destroying confidence by the circulation of money that has not an intrinsic or guaranteed value obvious to the least enlightened.

There can be no doubt in the minds of those who have had experience with the conditions in those islands and similarly populated countries but that the establishment of American money in the Philippine Islands would be forcing a most unsuitable unit of value upon a people whose wages and personal and business needs are on so low a scale. Further there would be the convulsion which must result before they can be brought to realize that one American dollar is worth more than two and a half times that of the coin to which they are accustomed and which to the eye is at least equal to the silver dollar which would be used in all ordinary daily transactions. Gold coins would not circulate in such transactions, and the American silver dollar would be discredited amongst the great bulk of the population outside the one or two leading cities.

The question of the most suitable currency for the Philippines is now under discussion in Congress, and a bill was introduced the other day which I believe with a few alterations might meet the case next best to silver.

The bill provides for a silver peso of a certain grade or value, equal to the coin they are at present using, and redeemable on its being tendered to the treasury for gold or for the equivalent of gold. The chief advantage which appears on the surface is that of making exchange steady, for a fixed exchange is undoubtedly most beneficial to commerce.

It is proposed to support the peso on a gold basis by having a fund of American gold coins available to be exchanged at 50 American cents per peso. There should be nothing fictitious about this, and the government should be prepared to facilitate the exchange of gold or its equivalent for pesos. This exchange is not likely to be demanded to an inconvenient extent so long as the trade of the islands is in their favor, which is the normal condition with them and one that there is at present no sign of changing. The Senate committee, in its bill reported on December 20, appears to have formulated a scheme by which the parity between gold coins of the United States and the new silver pesos shall be maintained, but the practicability of this scheme is not at all clearly defined.

The opening clause of the bill prohibits it becoming operative until at least 20,000,000 silver pesos are coined, ready for or in circulation. This appears to indicate a possible delay which might be advantageously avoided. There should be no great difficulty in arranging for the exchange of silver peso certificates for the equivalent of existing Mexican and Filipino coins in circulation in the islands to an extent which would supply a large amount of silver for coinage into new pesos.

The bill provides that Mexican dollars shall be legal tender throughout the current year at a ratio in regard

to pesos which shall be fixed by proclamation by the Philippine government, and it is permitted that contracts made on the basis of Mexican dollars may be fulfilled in Mexican money. It seems evident that considerable confusion must arise among an ignorant people like the Filipinos from finding side by side in circulation two coins of apparently equal value, one of which, the Mexican dollar, will be worth only say 80 or 75 or 70 peso cents, whatever the ratio may be, while the other will be worth 100 cents. This will doubtless lead to losses when the natives are dealing with the small traders throughout the country, especially with the shrewd Chinese shopkeepers, who will know how to demand pesos when selling their wares and delude the ignorant into accepting the Mexican when they are acting as buyers.

Another difficulty likely to arise in consequence of a varying ratio between the new coinage and the present (Mexican) currency is in the case of banks and others having financial operations on a large scale. Suppose a bank receives deposits of Mexican dollars and makes loans to that extent when the ratio is 100 Mexican dollars equal to 76 pesos; the deposits would probably be withdrawn if the ratio moves to 78, whereas by the time the loans, generally made at three months, mature, if the ratio has moved to 75, the bank is penalized to the extent of 3 pesos per 100 Mexican dollars. That is, the value of the Mexican money has shrunk to that extent.

It would thus appear to be a fair proposition that on the date the bill becomes a law the ratio of Mexican dollars to new pesos should be fixed once for all, and that the importation of Mexican coins should then be prohibited. Should the importation not be stopped

until the end of 1903, the tendency will be greatly to increase the ultimate burden of responsibility in disposing of the demonetized coins, whether that burden falls on the government or on the community, for the requirements of commerce will necessitate settlement as usual, thereby increasing the amount of silver to be disposed of when the Mexican dollar ceases to be legal tender. It would be a palpable mistake to allow large additions to be made to the present legal tender doomed to sell as silver when demonetized at the end of 1903.

If the proposed law becomes effective, the balance of trade could be adjusted by the importation of American gold currency. This would largely find its way into the treasury gold fund in exchange for the silver pesos requisite for trade purposes.

HORACE WHITE: Just before the holiday adjournment of Congress, Senator Lodge reported from the Committee on the Philippines a bill (S. 6357) to regulate the currency of the islands. It provides, first, that the gold peso, equal to a half dollar of our money, shall be the unit of value, but does not provide for any gold coinage. Instead of that it makes the gold coins of the United States legal tender in the Philippines at the rate of one dollar for two pesos. Next it provides for a silver peso of full legal tender, to be coined from bullion bought by the government, of which the government must coin twenty millions, and may coin seventy-five millions. Thirdly, it provides for subsidiary silver coins to be legal tender for ten dollars.

The effect of this measure is to establish in the Philippines what is called the "limping standard," a phrase applied to countries which have the gold standard nominally, but have also a large amount of silver of full

legal tender. Germany, France, the other countries of the Latin Union, and the United States are in this category. None of the countries named consider the condition a happy one. The European nations took the limping standard because they could not help themselves; they caught it as people catch the measles. They had large amounts of silver in circulation in the early seventies, when the gold standard asserted itself over the civilized world, and they could not get rid of it. Germany made great efforts to sell hers, and did dispose of a part of it, but in doing so she broke the price of the metal so that when the Latin Union countries decided to stop coining silver they had no market in which to sell theirs. The United States is the only country which took this kind of measles voluntarily. We took it with our politics, but no political party is very proud of it now; nor shall we have any reason to be proud if, after our experience with it and our knowledge of it in other lands, we inflict it upon a people who are under our legislative control.

The great objection to the limping standard is its uncertainty. Those who are under its régime never know where they may stand a year hence. A bill is now pending in Congress to remove the uncertainty which the limping standard entails—a bill to provide for the redemption of the silver dollar in gold. The act of March 14, 1900, recognized the uncertainty by a clause requiring the Secretary of the Treasury to keep the silver dollar at par with the gold dollar, but did not provide him with any means to do so. Senate bill 6357 recognizes the same uncertainty attaching to this system in the Philippines by authorizing the government of the islands to adopt such measures as it may deem proper to maintain parity between the gold and silver

coins, and to borrow ten million dollars in gold for that purpose. This clause of the bill expresses the fear of its framers that the equilibrium of the standard will not be maintained without extraneous and extraordinary efforts.

Looking at the details of the bill, it is very doubtful whether parity can be maintained if the government of the Philippines exercises all the powers conferred upon it. It must coin twenty million and it may coin seventy-five million silver pesos of full legal tender, at the ratio of 32 to 1, while the market ratio of silver to gold is 43 to 1. The line of prudence and safety under the limping standard lies in keeping the amount of the overvalued money (the silver pesos) no greater than the retail trade of the country can absorb, but the temptation will be ever present to overpass the limit. We know how this is ourselves. Unless the Philippine government is wiser than the Washington government was, we may expect to see the limit overpassed as it was under the Sherman act.

In devising a new monetary system for the Philippines the simplest plan is the best. The gold standard as provided in the bill before us with a silver subsidiary coinage of the kind provided in the act passed by Congress last year is quite sufficient. There is no good reason for thrusting in a third kind of money whose sole virtue will consist in its redemption in gold. These pesos would be both an element of danger and a needless expense. As the bill provides for issuing paper certificates for them like our silver certificates, why not issue the certificates in the first instance? The pesos are to circulate on the credit of the government, not on their intrinsic value. Our silver certificates would cir-

culate just as well, perhaps better, if there were not a dollar of silver behind them. If the Filipinos prefer to handle silver rather than paper, give them plenty of half pesos, for which the bill also provides. The natives probably know that two halves are equal to a whole.

As the pesos are quite unnecessary, the only visible object in coining them is to make a market for silver bullion. We trust that the Senate committee is not now trying to "do something for silver" at the expense of the Filipinos, but we recall the fact that the Senate bill of the last session did have that aim, since it contained a clause that the coins might be made at our mint, but that the silver bullion so coined should be of American production.

We are told by some people that if we introduce the single gold standard we shall increase the wages of labor in the islands. That depends upon the ratio between gold and silver which may be taken as a starting point. Wages in the Philippines, although nominally the same as of old, have been actually reduced by the decline in the value of silver. The laborer who gets a peso in wages cannot buy so much with it as before. As regards future wages the question is, What shall the future peso be? The bill says it shall be an amount of gold equal to half of an American dollar. That is the ratio of 32 to 1. It is a fair starting point, since it was the market ratio when we took the islands. It was the ratio actually adopted by Japan in the same year. There has been a fresh drop in silver within a few weeks which has cut the effective wages of labor still lower. The Filipino laborer has been thrown down by the force of circumstances, and Congress ought not to hold him down, but rather to lift him up and put him on his feet, especially

since Congress neglected its duty in this particular last summer, when it might have avoided the major part of this trouble.

JEREMIAH W. JENKS: While I agree absolutely with Mr. Conant's remedies for the evil monetary conditions in the Philippines, and while I agree substantially with his suggestion as to what should be done now in China and throughout the East, I am by no means able to agree throughout with his course of reasoning in his interpretation of monetary history. His statement regarding the absolute impotence of a law of government in determining prices as opposed to laws of business I of course agree with in a general way; but it has been and is still my belief that a law of government might very easily so affect the supply or so affect the demand for a product that it could to a considerable degree determine its price. So it has been my opinion that it would be possible for a government, by legislation which would affect the demand for silver, to increase the price of silver as compared with gold, and *vice versa*. It is not worth while to enter into a discussion of the bi-metallic question at this time, but I wish to record my belief relative to some principles often referred to in that connection.

I should like to refer briefly also to the suggestion made by Mr. Webster regarding the situation in the Philippines and the kind of currency needed there. He says that in countries low in the grade of civilization, as China, the Philippines, the Straits Settlements, and others, a cheap currency is needed. In a proper sense of the word "cheap" I agree with that; and I am quite of the opinion that it would be unfortunate if we were to attempt to introduce into the Philippines at the

present time a gold currency for the money to be continually used among the people.

I am decidedly in favor of the plan suggested by Mr. Conant, a plan providing that the monetary standard shall be gold, but that the chief coins to be current in the hands of the Filipinos shall be silver, a plan which seems to me to meet the requirements suggested by Mr. Webster. Since Mr. Webster has stated that it is desirable not to have fluctuations in the rates of exchange, I do not see but that he and I are also in accord on that particular, and that he is in fact favoring a plan similar to that proposed by Mr. Conant. We should so fix our currency on the plan suggested by Mr. Conant that there will be a fixed rate of exchange between gold and silver, but so that gold itself will be very little used while silver coin will be the coin current.

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BY

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PREFACE

The study of racial phenomena not only has a lively interest for the general reader, but it has also a profound significance for the scientific student. Few of such investigations have, however, been pursued in the United States. Our experts in these fields have been tolled away into the study of the extinct or moribund races of the far South and West—studies interesting as bearing on the origin of institutions, but devoid of any practical value for the future of our American people. It is a source of gratification that interest is spreading in America in the study of populations, analyzed as they have been for years in Europe. Of recent years have been published the "Hull House papers," Hoffman's "American Negro," various articles on the colored population in the bulletins of the Department of Labor, various papers by Dr. Du Bois, the report of the New York Tenement House Commission of 1894, the excellent volumes by the residents of the South End House in Boston, "The city wilderness," and more recently "Americans in process." This monograph, in conjunction with the two last named works, affords perhaps the most complete picture of social and ethnic conditions in a great American city that is as yet available.

The similarity between this monograph and "Americans in process," perhaps the best of its kind, both of which have to do with the population of Boston, is evident. The two investigations are, however, rather parallel than overlapping. Certain differences between them are useful as illustrating the distinct methods of research which may be employed in similar cases else-

where. "Americans in process" is a careful study of the social conditions in a small homogeneous district; nationalities are considered only in so far as they are necessary to explain those conditions. This monograph, on the other hand, is intended to be a study of the comparative values of various ethnic groups over a somewhat larger area. In making the entire city the basis of study it can be made to depend almost wholly upon official statistics. The district used by the South End House was too small to obtain accurate statistical information concerning it; its authors had to rely for the most part upon personal investigation. The subjects treated also differ somewhat. In "Americans in process" there is nothing corresponding exactly to the chapters in this monograph on "Causes of immigration," "Vitality," "Poverty," and "Intermarriage"; on the other hand, this study does not attempt to discuss the religious situation.

An illustration may serve to show the importance of noting the race factors in social studies. Vital statistics usually are collected and tabulated by administrative divisions—by towns, cities, counties, and states; yet the student taking the trouble to compare the scanty data available on birth rates or mortality by races discovers that it is often the relative proportion of a given nationality and not the character, natural or social, of the district which explains the phenomena. The Jews, for example, as Dr. Billings discovered in the special investigation of mortality in 1890, have a vitality about twice as high as the average American city population.¹ This is especially notable in the infant mortality. The Italians and Irish, on the other hand, have an almost sui-

¹ See page 41, *infra*. Extended illustrations are given in "The races of Europe," p. 383.

cidal death rate among children. What significance, then, has a general death rate, even specified by ages, for cities by wards which does not take account of the relative proportions of these ethnic elements in the total population? It may become entirely misleading.

Two chapters of this investigation have a peculiarly deep meaning for the future of the American people; viz., those upon vitality and upon degeneration. The subject of the former has been emphasized by vigorous pronouncements of late by the President of the United States and by the President of Harvard University. Statisticians have long been cognizant of the tendencies, but each contribution which can throw light upon them is to be welcomed. The recent notable articles by Dr. Kuczynski¹ upon the fecundity of the native and foreign born population of Massachusetts are illustrations in point. And Dr. Bushee in this monograph in his discussion of the causes of the differences in vitality between ethnic stocks is surely dealing with one of the most important social questions of the day. The study of the phenomena of degeneration so carefully analyzed in this monograph is likewise of serious importance. Are differences in the proportions of criminals, defectives, and dependents as apparent between the several nationalities as are their contrasts in vitality? If not, then we may tend to the belief that these phenomena are due to a common cause to which all are alike exposed. To strip off the overlying and confusing facts of social environment, laying bare the phenomena of race alone, is to render a distinct service to future students along these lines.

¹ *Quarterly Journal of Economics*, November, 1901, and February, 1902.

The Economic Association can set itself no more important task than to promote such investigations, by making the results available through publication. Each college center should esteem it a privilege to have contributed to the common good by fostering research in its own locality. The present monograph contributes in no inconsiderable measure toward the advancement of this cause.

WILLIAM Z. RIPLEY.

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CHAPTER I

CAUSES OF IMMIGRATION

In the *Publications of the American Statistical Association* for June, 1899, I reviewed the growth of the population of Boston, with special attention to the growth by foreign immigration, and compared the population of Boston with the populations of other large American cities. In the present article I shall deal with the character of the chief ethnic factors in the population of Boston, and shall consider the value of these elements in the life of the city. In order to keep in mind the composition of the population, the following table is presented, showing the number of the leading nationalities by place of birth and by parent nativity according to the United States census of 1900.

CHIEF ETHNIC FACTORS OF BOSTON BY PLACE OF BIRTH
AND PARENT NATIVITY (1900).

<i>Nationality</i>	<i>Place of Birth</i>	<i>Parent Nativity</i>
Massachusetts	285,242	} 207,028
Other states	78,521	
Ireland	70,147	156,650
Canada (English)	47,374	49,298
Russia	14,935	22,254
Italy	13,728	20,164
England	13,174	15,670
Germany	10,523	21,618
Sweden	5,541	7,610
Scotland	4,473	7,823
Poland	3,832	6,108
Canada (French)	2,908	3,542
Norway	1,145	1,515
Austria	1,115	1,544
France	1,003	1,348

It must be borne in mind that the Irish have resided in Boston in considerable numbers longer than any other nationality. In 1846 about twenty-four thousand were in the city, and during the next ten years their numbers

increased to nearly sixty thousand. The rapid immigration of British Americans began at the close of the Civil War, while most of the Italians and Jews have come since 1880.

In the percentage of its total foreign population, Boston ranks fifteenth among the 161 principal cities, and second among the six largest cities of the United States. A comparison of the constituent elements of its population shows that Boston contains an unusually large number of British Americans, of Irish, and of Americans born outside of the city, while the number of Germans is small.

In order to arrive at a fair verdict concerning the nationalities, some consideration should be given to the conditions which obtain in the countries from which our immigrants come and to the causes which have led to emigration. Such consideration is especially important in the case of the Irish, the Italians, and the Jews, for with each of these nationalities emigration has been at times exceptionally large. From most of the other countries, however, emigration to the United States has been about normal, indicating approximately the natural response which laborers in one country make to better economic advantages in another.

The Irish who settled in Boston during the middle of the century were in a more hopeless condition before emigrating than any of the other nationalities. The use of the potato in Ireland as the staple article of food had reduced the standard of living to its extreme limit. In 1845, just on the eve of the famine, it was calculated that about one-half of the population, which at that time was over eight millions, was dependent upon the potato for subsistence.¹ The dwellings of the inhabi-

¹ Two centuries of Irish history, pt. 4, p. 394.

tants were of the crudest sort. In the census of 1841 the dwelling houses were divided into four classes, the fourth class comprising all mud cabins with only one room. The percentage of the population in the various counties inhabiting houses of this class varied from 24 per cent in Down to 66 per cent in Kerry. On the average it was found that 43 per cent of the population in the rural districts and over 36 per cent in the urban districts lived in huts of this kind.¹ The laborers inhabiting these huts were usually dependent upon the cultivation of a little plot of ground, in many places stony and barren.

The failure of the potato crop caused immediate want, followed by extreme wretchedness and starvation. Within five years nearly one million persons died and more than a million emigrated.² This emigration was not a normal movement of individuals who change their residence through their own exertions; it was a rescue by philanthropists of multitudes with no resources of their own to save themselves from starvation. Between 1848 and 1864 it is said that the Irish in America sent £13,000,000 to friends in Ireland to help them to emigrate.³ In an article in the *Dublin University Magazine* the result of the famine is described in the following words: "The potato was gone, the food of an entire nation was thus in a single night cut off, although the effects of the blight upon the crop only became known when the peasantry began to dig in their winter store. Here at home, plague, pestilence, and famine, demoralization, and an emigration still deserving the name of an exodus, were the immediate results to the peasantry."⁴

¹ Two centuries of Irish history, p. 394.

² Two centuries of Irish history, p. 426.

³ Two centuries of Irish history, p. 426.

⁴ The food of the Irish, *Dublin University Magazine*, 43, 135.

During the fifties there was considerable improvement in the material condition of Ireland, partly owing to the new land which had been reclaimed for cultivation and to the introduction of the cattle raising industry, and partly to the mere decrease in population. Nevertheless the conditions continued to be sufficiently bad to favor extensive emigration. In 1882 assistance was again given to enable a large number to emigrate. In describing the conditions of life in some of the Irish counties at this time J. H. Tuke, in an article in the *Nineteenth Century*, writes that in certain of the western counties people were living in a state of semi-starvation, many affording only one meal a day, and that families were found to be in arrears of three and a half years for rent and shop debts. Indeed, they could not have lived on their land if they had owned it. All were anxious to emigrate, but they had neither money nor clothes. One of the dwellings he visited Mr. Tuke describes as follows: "It was too low to stand upright in. A great boulder formed with the door one side. Sods formed the walls and sods and rafters the roof. One end was nine feet wide, the other seven and one-half feet wide, and nine feet long. A man and his wife, four sons and two daughters had been living in it for six months."¹

Slavery to environment characterized the condition of the Irish in their own country. America was their land of emancipation, and they loved it from the beginning. Within recent years improved conditions in Ireland have changed the character of emigration; although there is still a large emigration to the United States, it is no longer of a pioneer character. Now

¹ J. H. Tuke, *Nineteenth Century*, July, 1882.

nearly all the immigrants come to join friends or relatives here.

Conditions in many respects resembling those in Ireland cause many thousands of Italians to emigrate to this country each year, though these conditions are not of so desperate a character. Our Italian immigrants are peasants from the country districts. At the present time at least four-fifths come from southern Italy, especially from the provinces of Abruzzi, Campania, the Basilicati, Calabria, and Sicily.¹ In northern Italy many of the farmers own their little plots of land and could make a moderate living according to the Italian standard if it were not for the heavy taxes. State expenditures are too large to make the raising of sufficient funds easy, and consequently many of the necessities of life are taxed.² The difficulty of paying these taxes makes the Italian discontented, and news of the success of a former neighbor who has tried his fortune in America decides him to rent his little farm or perhaps even to sell it that he may obtain passage to that country which is to him an ideal land. Agents of steamship companies have also assisted emigration from Italy to a remarkable extent. Commissioner Schulters found a system in operation in 1891 which included nearly four thousand emigration agents and sub-agents. In 1900 there were over seven thousand emigration agents in the country.³

In southern Italy the conditions of life are much worse than in northern Italy. The land is in the hands of a comparatively few persons who live on the unearned increment and form in too many cases a non-resident

¹ See Italian immigration, *Political Science Quarterly*, vol. 4, p. 480.

² Bolton King and Thomas Okey, *Italy to-day*, p. 140.

³ Bolton King and Thomas Okey, *Italy to-day*, p. 320.

landlord class. According to Hon. Eugene Schuyler, writing in 1889, only 3.48 per cent of the inhabitants of the Neapolitan provinces were owners, as against 15 per cent in Piedmont.¹ These tenant farmers can afford to pay their hands scarcely enough to enable them to live—twenty cents a day and even less according to the report of Commissioner Schulters.² But even these poverty stricken laborers do not escape the oppressive burden of supporting the state. Edmund Self, writing in 1882, declared that official statistics show that the average Italian laborer earns \$140 a year and is taxed \$15.44³

Italians from this class have no money with which to emigrate, and have no means whereby they can raise it. It is the kindness of a friend or relative in this country which secures their passage. Commissioner Schulters goes so far as to say in his report that three-fourths of the emigrants' tickets are paid for on this side of the water.⁴ To laborers of this class service in the army is not to be avoided. They look forward to it as a more comfortable life than that to which they have been accustomed. The idea of serving in the Italian army is such a matter of course to them that sometimes immigrants in this country return to their native land for that purpose alone. The expense of the army and navy is, however, so great that it acts as an indirect stimulus to emigration.

Although the conditions that prevail in Russia are as hard for the peasants as those in other European countries,

¹ Italian immigration, *Political Science Quarterly*, vol. 4, p. 480.

² Report of the commissioners of immigration upon the causes which incite immigration to the United States, p. 290.

³ Why they come, *North American Review*, 134, 347.

⁴ In Chicago, out of 13,048 families investigated, 305 persons had assisted friends in Italy to emigrate. They had sent altogether \$19,384.75, or \$63.56 each. Bulletin of the department of labor, 13.

comparatively few Russians outside the Jewish population come to this country. And this emigration of the Jews is not the result of economic conditions alone, but is chiefly due to the burdensome restrictions imposed by the government, restrictions which have made life for many of the Jews in Russia almost unendurable. In making these regulations the Czar is merely carrying out the old policy of Russia, that of restricting a people who are at best most unwelcome, but who have unfortunately become more and more of a burden with every acquisition of territory. The abnormal Jewish emigration of the last few years is the result of an edict of the Czar in 1882, known as the "May laws," which caused the reinforcement of former regulations that had not been observed for a number of years. In former times the residence of the Jews had been restricted ordinarily to fifteen provinces in the western part of Russia, known as the "Jewish pale of settlement." In 1885 the laws were relaxed and Jewish artisans were permitted to settle in the interior of Russia, as there was a scarcity of this class of laborers. Accordingly a large number of Jews, following a variety of occupations, settled in different parts of Russia. In 1880 a decree gave the right of residence outside the pale to all who were then living outside. The May laws of 1882 marked the beginning of a new series of regulations which have been enforced more and more rigorously.

The regulations concerning the Jews are manifold,¹ but some of the most important require that all except certain favored classes shall settle not merely within the pale but within the towns of the pale. Only those Jews who belong to old agricultural colonies are allowed to remain in the country districts. Moreover they are pro-

¹ See Arnold White, *The modern Jew*, for these regulations.

hibited from "owning, holding on lease, or even managing land," and, in order to keep them from trading with the inhabitants of neighboring countries, they are not allowed to settle within thirty-three miles of the boundaries of the pale.¹ The Jews have been obliged to move from one district after another, either on account of the direct application of the laws or as the result of petty persecutions, until none of those who remain feel secure. In many cases the notice to move has been so short as to give them insufficient time for the disposal of their property, and those who could not raise the means of transportation have been conveyed to their destination *per etape*, that is, with prison gangs. In this way the pale of settlement soon became overcrowded with a multitude of poor Jews, many of whom had no means of livelihood, so that their very existence was threatened. Even the Jews came to realize that mere exchange of commodities could not furnish subsistence for all. Relief came through the Jewish philanthropist, Baron de Hirsh, who furnished the means whereby thousands of the poorest—and, on the whole, the least desirable—might reach this country. The unhappy plight of the Jews in Russia still continues, for the Czar seems determined to eradicate them as a dangerous pest.

The Russian side of the story is that the safety of the Russian peasantry and the preservation of the state to the Russians require the sacrifice of the Jews. The Russian peasants as well as the state are becoming bankrupt, and the property of the country is rapidly passing into the hands of the wealthy Jews. An article in the *Century Magazine* in 1882² gives a strong presentation

¹ See Arnold White, *The modern Jew*, p. 27.

² Russians, Jews and gentiles, *Century Magazine*, April, 1882, p. 905.

of the Russian point of view. The author shows that the trouble between Jew and gentile is not primarily racial nor religious, but economic. The information in the article is based on a collection of documents which purport to reveal the inner life of Jewish communities. These documents were obtained by semi-official means and edited by Joseph Brafmann, a converted Jew and a teacher of Hebrew in the Seminary of Minsk. Brafmann represents the Jews as "building a state within a state," to the great detriment of the country which they inhabit. The Jews are taught to regard the property of the gentiles as a "waste free unto all," and they are even authorized by their local administrative council to obtain possession of it "by any means whatsoever," the money lending process being the most efficient means. The organization of the local councils and the powers conferred upon them by the state are shown to be well fitted to compel the obedience of the Jews on the one hand and to oppress their gentile neighbors on the other. According to Commissioner Schulters, one-third of the Jews of Russia already own one-half of the property, although the ratio of Jews to Christians is only one to twenty.¹ Notwithstanding the extensive emigration from the pale, the conditions, according to Arnold White, are steadily growing worse. Many each year are assisted to emigrate by the De Hirsh fund, though, out of consideration to the sentiment in the United States, they are now being sent to the Jewish colonies in the Argentine Republic.²

The condition of the Jews in Poland is superior to that in Russia, and emigration from there is about normal. The Jews in Poland have been allowed much

¹ Report of the commissioners of immigration, p. 303.

² Report of the commissioners of immigration, p. 24.

greater freedom than those in Russia, for it is the belief of the Russians that the presence of Jews in the land will weaken the Poles.

Turning now to the countries from which emigration to the United States has been less remarkable than with the Irish, the Italians, and the Jews, and looking first at British America, we find that the greater part of their emigration is from Nova Scotia alone. Boston gets very few of the French Canadians who go in such large numbers to the large manufacturing cities of New England. The British Americans belong chiefly to the artisan or clerking class. They are attracted to the busier life of the United States in the hope of finding better industrial opportunities. The proximity of the two countries and the similarity of their institutions permit a considerable immigration for a comparatively small economic advantage. The mere desire of young people to travel causes many Canadians to try American life for a time. Doubtless during certain parts of the year employment is more easily obtained in the United States; but the cost of living is higher, and the result is that when work gets slack the majority return to their own homes. The estimate was made by the immigration investigating commission of 1895 that of the immigrants from Quebec to the United States not more than one-sixth came to this country with the intention of remaining permanently.¹ The large number of single persons among the British American immigrants is another cause of their mobility; for according to the report just mentioned, the temporary immigrants commonly known as "birds of passage" are composed chiefly of single persons.

The causes of emigration from England, Scotland, and Wales are not unlike those which lead to emigra-

¹ Report of the immigration investigating commission, p. 162.

tion from British America. The grade of emigrants is about the same, except that we get a more heterogeneous class from the industrial centers of England. Although the journey from Great Britain is a much greater undertaking than that from the British provinces, not a few artisans come from that country for the season, returning after a few months. Considering the distance, the movement of labor between Great Britain and the United States is very free. During the last few years nearly as many have returned to England as have come from that country.

Most of the Germans in Boston are from the states of Prussia, Bavaria, Baden, and Saxony. The immigrants are very commonly peasants, although there are many skilled laborers among them. The competition of American wheat has been disastrous for the peasantry in nearly all European countries, and in Germany small farmers have found it necessary to get factory employment for a part of the year in order to ensure a livelihood. Agricultural laborers in Bavaria receive from 25 to 37 cents a day with board, and expert weavers are paid \$17.00 or \$18.00 a month.¹ The large number of German immigrants who have been in this country since 1850 also act as a powerful stimulus to further immigration. Compulsory service in the army has been considered by some as a cause for emigration, but it is not so considered by United States Commissioner Schulters, who in 1891 investigated the causes which lead to emigration from Germany.²

¹ Edmund Self, *Why they come*, *North American Review*, 134, 347.

² Report of the commissioners of immigration, p. 288.

CHAPTER II

CHARACTERISTICS OF IMMIGRANTS

The immigrants of the present day not only represent less hopeless social conditions than the Irish who emigrated during the middle of the century, but they are also subject to a selective process in the form of immigration laws and of an efficient system of regulations which were not in force at that time.

The first restrictive immigration law of general application was passed in 1882. Its purport was to refuse admission to convicts, lunatics, idiots, and all persons likely to become a public charge. Since 1885 alien contract laborers have also been excluded. In an act of 1891 the classes of excluded aliens, other than Chinese, were more carefully defined as follows: "All idiots, insane persons, paupers, or persons likely to become a public charge, persons suffering from a loathsome or dangerous contagious disease, persons who have been convicted of a felony or other infamous crime or misdemeanor involving moral turpitude, polygamists, and also any person whose ticket or passage is paid for with the money of another, or who is assisted by others to come, unless it is affirmatively and satisfactorily shown on special inquiry that such person does not belong to one of the foregoing excluded classes or to the class of contract laborers, excluded by the act of February 26, 1885, but this section shall not be held to exclude persons living in the United States from sending for a relative or friend who is not of the excluded classes under such regulations as the Secretary of the Treasury may prescribe." In 1882 a tax of fifty cents was imposed upon every alien passenger coming to this country by sea from

foreign countries, and in 1894 the amount was raised to one dollar, the steamship companies being obliged to pay the tax.

The number of persons actually excluded on account of the provisions contained in these laws depends largely upon the judgment of the official administering them, but an acquaintance with the actual methods of applying the laws shows that reasonable precautions are taken. The number of persons debarred each year indicates only the minimum of the possible burden which the United States escapes through the operation of the laws, for their strict application doubtless keeps many undesirable persons from attempting entrance to this country. The following table, compiled from figures taken from the report of the commissioner general of immigration for the fiscal year 1900-01, shows the relative number of excluded immigrants among the most important nationalities:—

TABLE I.—PERCENTAGES OF EXCLUDED IMMIGRANTS AMONG
IMPORTANT NATIONALITIES.

<i>Per cent</i>	<i>Per cent</i>
Scandinavian ----- .18	Hebrew ----- .84
Irish ----- .39	Scotch ----- 1.19
Portugese ----- .46	English ----- 1.34
Northern Italian ----- .59	Southern Italian ----- 1.34
German ----- .63	

The figures in this table include only steerage passengers, and of these the English and Scotch show a large percentage of debarred. If the total number of alien passengers were taken as a basis, these two nationalities would have a much smaller percentage of debarred and would rank below the German. The order of the other nationalities would, however, remain unchanged. Making allowance for those English and Scotch who do not come in the steerage, the greatest number of debarred are among the Jews and the Italians, where the percent-

age, however, is decreasing somewhat from year to year. The order of nationalities remains pretty much the same.

About two-thirds of all the excluded persons come under the head of "paupers or persons likely to become a public charge," but a considerable number of contract laborers are discovered among the Italians. The average financial condition of the various peoples is better indicated, however, by the amount of money actually shown by the immigrants upon their arrival, for, of the nationalities who have been longest here, a large number of persons having no visible means of support are admitted because they have relatives in this country who are able to give a satisfactory guarantee of their independence. And again with some nationalities, notably the English, there is a greater difference in the material resources of individual immigrants than is the case with other nationalities. To offset the paupers among the English immigrants there are oftentimes second cabin passengers who have several hundred dollars carefully concealed about their persons. The average amount of money per capita among the different nationalities as compiled from the same report as the previous table is as follows:—

TABLE II.—AVERAGE AMOUNT OF MONEY PER CAPITA
BROUGHT BY THE IMPORTANT NATIONALITIES.

English -----	\$40.00	Irish -----	\$15.00
Scotch -----	36.00	Portugese -----	11.00
Germans -----	30.00	Jews -----	9.00
Northern Italians --	23.00	Southern Italians --	9.00
Scandinavians -----	17.00		

In comparing this with the preceding table it will be noticed that, although a large percentage of the English and Scotch are debarred, those admitted are much the most well to do of our immigrants—and this leaves out of account the money brought over by second class

passengers. The Irish, on the other hand, though showing comparatively few exclusions, have very moderate funds. With the Italians and Jews we find the smallest average resources as well as the largest number of exclusions. The total amount of money brought into the country by immigrants during the fiscal year 1901 was \$7,383,822 or about \$15.00 per capita—certainly not a large amount of money with which to begin life in a foreign country. When immigrants are provided on the average with only \$9.00 each, as is the case with the Italians and the Jews, it is necessary that they should have good productive powers in order to be an economic advantage to the country.

Certain other important characteristics belonging to the various groups as immigrants, such characteristics as sex, age, and education, may be advantageously considered here.

In the total population of Boston the males are in the minority, in 1895 being 48.43 per cent of the whole. This characteristic is true both of the native and of the foreign born, but, as will be seen from Table III, the disparity is slight for the native born, the absolute difference being only 4040. Of the natives of New England, more females than males are living in the city; but of those who migrate to Boston from other states, the males are in excess of the females. Among the foreign born there are 13,548 more females than males, but the excess comes from four nationalities only—the Portuguese, the Swedes, the Irish, and the British Americans. In every other case the males exceed the females. The difference in the proportion of the males to the total number among the various nationalities is considerable, ranging from 41 per cent with the British Americans to 60 per cent with the Italians. In most cases this disparity is unimportant, amounting to only a

few hundred; and the cause of almost the whole excess of females over males in the population of the city is

TABLE III.—PERCENTAGE OF MALES IN TOTAL POPULATION OF BOSTON, BY PLACE OF BIRTH, COMPILED FROM FIGURES TAKEN FROM THE MASSACHUSETTS STATE CENSUS OF 1895.

	<i>Per cent</i>		<i>Per cent</i>
<i>Total Population</i> ----	48.43	England -----	51.59
Boston -----	49.78	France -----	52.18
Other New England--	48.28	Scotland -----	52.53
United States -----	50.19	Russia and Poland ---	53.02
British America -----	41.33	Germany -----	53.18
Ireland -----	42.48	Canada (French) ----	54.55
Sweden -----	45.77	Norway -----	56.60
Portugal -----	48.80	Italy -----	60.07
Negroes -----	50.41		

due to the Irish and the British Americans. With the former the excess of females is 10,753, and with the latter 7345. It is difficult to get representative figures for the British Americans, however, because, as has already been pointed out, a large number are temporary residents. But since, owing to their occupations, the largest number of men are likely to be here during the summer months and the largest number of women during the winter months, the census, taken in the spring of the year, probably comes as near to a fair average as is possible.

The only case in which the excess of males is considerable is that of the Italians, with whom it amounts to 1592 according to the census of 1895; but there are reasons for thinking that this number is too small. In the early spring Italian laborers begin to leave the city for their work in the country; and as the work of enumeration for the 1895 census extended over the whole of May and a part of June, it can hardly be doubted that many Italian men who make Boston their home for a large part of the year were omitted. This would mean also that the total Italian population was larger in 1895 than

was indicated by the census, and such is thought to be the case by persons intimately acquainted with the Italian colony.

The effect of the difference in the numbers of the sexes is greater than might be thought, because there is not as yet sufficient association among the various nationalities for the excess of males in one nationality to offset the excess of females in another. The result is that in one section of the city there is a considerable excess of males, and in another section a still greater excess of females. This local inequality of the sexes has an important bearing upon the social life of the various national groups, and consequently upon the moral tone of the city.¹

The ages of Boston's population by place of birth cannot be obtained; consequently statistics for immigrants are given as compiled from the immigration report for 1900-01. They refer to the total number of immigrants. The table of illiterates is also compiled from the same reports, as information on this subject is not given in the census.

TABLE IV.—PERCENTAGES OF THE VARIOUS NATIONALITIES
BELONGING TO THE THREE AGE PERIODS.

<i>Nationality</i>	<i>Between 14 and 45 yrs.</i>	<i>Under 14 yrs.</i>	<i>Over 45 yrs.</i>
Irish	92.13 %	4.14 %	3.73 %
Scandinavians	86.92	7.66	5.42
Northern Italians	86.20	8.64	5.16
Southern Italians	77.74	14.16	8.09
Germans	73.84	18.82	7.34
Scotch	73.68	15.82	10.50
English	72.87	15.44	11.69
Hebrews	70.74	23.40	5.86
Portuguese	65.96	25.37	8.67

As the native born between the ages of 14 and 45 years comprise only 51.54 per cent of the total native

¹ These facts will be considered in greater detail farther on.

born, it will readily be seen how much larger is the proportion of productive laborers among all the migrating peoples than it is in a population more nearly normal. Almost all the Irish are included between these ages, the number of children among Irish immigrants being very small. The smallest proportion of persons between the ages mentioned occurs in the case of the Jews and the Portuguese; but this is because they, more than any other nationality, emigrate in families. As will be seen by the second and third columns of this table, the difference is in the number of children and not in the number of older persons. The Germans, English, and Scotch, and now even the Italians, show a large proportion of children under 14 years of age. The number of women and children among the Italian immigrants has increased of late years, and it indicates the increased permanency of that immigration. But that the exceptional immigration of males and probably of "birds of passage" has not ceased is apparent from the fact that 78.55 per cent of the Italian immigrants for the fiscal year 1901 were males. Next to the Irish the Scandinavian immigrants show the least tendency towards family emigration, although young married couples and persons intending to marry in this country are frequently found among the Swedish immigrants.

It will be noticed that the percentages of children represented in the second column are in almost exactly the inverse order of the percentages in the first column, but the percentages of older immigrants given in the third column follow no regular order. These older persons are, however, the least numerous of the three classified ages. Pioneer immigrants from a country are likely to be unattached individuals, who often send for

other members of the family after a few years, so that the proportions of the different ages for a given year may not represent the normal. If the ages of immigrants could be followed accurately from year to year, the number of children and of aged persons in a nationality emigrating from purely economic causes would probably represent a proportion steadily increasing to a maximum and then decreasing to the normal.

The table has been arranged according to the apparent economic productive powers of the nationalities, but only a superficial observer would make economic energy the sole test of a desirable population. When one is beginning life in a new country, the steadying and stimulating influences of the family seem to be especially needful. We glance at statistics and congratulate ourselves that such a large percentage of our immigrants are productive laborers; but the statistics do not show us that all these promising immigrants are industriously engaged in useful labor, or that the product of their labor is always to the advantage of this country. As to the larger question of whether the most healthy social life accompanies the largest proportion of economic power, the remainder of this study will perhaps give some light.

There is a marked difference in the education of the different nationalities at the time of their arrival.

TABLE V.—PERCENTAGE OF ILLITERATES AMONG IMMIGRANTS, COMPILED FROM THE REPORT OF THE COMMISSIONER OF IMMIGRATION, 1900-01.

Scandinavians .....	.62	Northern Italians_	12.84
Scotch	1.35	Hebrews	17.80
English	1.63	Portuguese	46.19
Irish	3.12	Southern Italians	49.12
Germans	3.98		

Nearly all the Scandinavians can read and write, and immigrants from the British Isles and Germany are

generally literate. British America is not included in the table with the other countries, but doubtless it would rank much the same as the British Isles in this respect. This general literacy of the nationalities just mentioned is far from being equalled among some of the more recent immigrants. Nearly one-half of the southern Italians and almost as large a proportion of the Portuguese are illiterate. It is evident that education in southern Italy has not yet extended to the mountainous districts of the interior, whence a large proportion of our immigrants come. Statistics for the Portuguese ordinarily show a larger percentage of illiterates than those for the Italians. In 1899 two-thirds of the Portuguese immigrants were illiterate, and the amount of illiteracy in Portugal is much greater than in Italy. The northern Italians make a much better showing, but even their 13 per cent of illiterates tends to lower the general average. Eighteen per cent seems too large a proportion for the Hebrews, but a greater part of this would doubtless be found to exist among the women. The education of the Hebrew boys is much more carefully attended to than is that of the girls.

Illiteracy among immigrants is not always, however, an index of their desire for an education. Immigrants who have been hitherto deprived of educational opportunities sometimes make the best possible use of their opportunities here, though on the whole those nationalities who have the least education seem to appreciate it the least. Almost immediately upon their arrival children under fourteen years of age are turned into the schools, where they are taught to read and write, as well as to speak, the English language. In more than one school district in Boston a room is set apart for children who have been in this country less than two months.

The evident advantage which this beginning of an education gives to a family in its struggle for existence makes most immigrants appreciate the opportunity, but to the poorest immigrants the wage-earning capacity of the children is all important, and the school becomes an unwelcome necessity, although families are always glad to use the school as a means through which licenses may be obtained for selling papers or blacking boots. This is especially true of the poorest families of the Italians and the Jews, who need to use the entire wage-earning capacity of the family. On the whole the Italians and the Portuguese care less for education than the Jews, the sifting out of the children being more noticeable even in the lower grades of the schools.

Among some of the Jewish families education seems to be more highly prized than it is by any other nationality. Not infrequently considerable sacrifice is made in order that a promising son may go through the high school or even through college. An education is one method of social advancement, and opportunities of that nature are not to be disregarded. The sole object of attainment for the Jew is not wealth, but power. He is seized with an irresistible desire to get on, and all means to that end are pursued with the same tenacity that is manifested in the pursuit of wealth. And the Jews have much the same capacity for success in education that they have in other lines. Some of the children are dull, but the majority are among the brightest in the schools. It is asserted in some of the schools that Jewish children graduate on the average a year younger than children of other nationalities. It is a noticeable fact, at least, that Jewish children are more acute than others in certain mathematical calculations. An example may appear complicated in the

book, yet the suggestion "How much do you make?" clears up the matter as though a new sense had been brought into play. Jewish children have the greatest contempt for their mates who get the gains mixed up with the losses in a business transaction.

Irish children make about medium progress in educational lines. A goodly number of Irish are in the higher institutions of learning, though the majority of the children of immigrants are satisfied with a small amount of schooling. Very many leave school for work as soon as the law allows. The special characteristic of the Irish children is their quick-wittedness. Among the adult immigrants a natural keenness rather than a disciplined mind has been the cause of success.

The Negroes probably make the least use of their educational opportunities of all the racial factors. The majority of this race have little ambition in educational lines. This does not mean that they are generally illiterate, for only the older ones who have seen something of slave days are entirely uneducated; nor does it mean that they do not appreciate an education. Many even carry their fine ideas of educational propriety to an absurd extent, as did the Negress who thought "all novels trash," and read nothing lighter than Emerson. The fact is that for the Negro children the labor of attainment is too great. In the lowest grades of the school these children seem exceptionally mature, but as they advance they become less successful and their interest wanes. Even the work of the grammar schools is too arduous for many. The best educated persons among the Negroes are usually mulattoes.

As we proceed to a more detailed study of the characteristics which the various racial groups have developed in this country, we should bear in mind the characteris-

tics which they possess when they come to us in the first place. These may now be briefly summarized.

The Irish immigration during the middle of the century, an immigration which made Boston an Irish city, was composed of persons who represented the poorest of social conditions. Irish immigrants of the present time represent greatly improved social conditions, but only small material resources. As most of the immigrants have relatives in this country, however, they are usually admitted. A large proportion of the immigrants are women; indeed, the excess of females in Boston is due chiefly to the Irish. Nearly all of the present immigrants are single persons of an age to make themselves economically independent. Comparatively few of the Irish are wholly illiterate, although a larger number of illiterates come from Ireland than from other parts of the British Isles.

Emigration from the British provinces gives us young men and a still larger number of young women who find in the United States more opportunities for work and higher wages than in their own country. As economic advancement is almost their only object in migrating, frequent return to their own country is advantageous and has earned for them more than for any other nationality the name of "birds of passage."

Both Jewish and Italian immigration represent little money and very poor social conditions—the poorest, in fact, of any of the nationalities now settling in Boston. Persecution has been chiefly instrumental in bringing the Jews. Since whole families are compelled to emigrate, the Jews bring with them a larger proportion of children than do the other nationalities. In the case of the Italians, on the other hand, the majority of the immigrants are men, who come to this country as

pioneers. They are mostly peasants, are generally illiterate, and of an age which fits them for hard manual labor. Some return to Italy within a few years, while others, settling here, send for the remaining members of their families.

The immigration of the English, the Scotch, and the Germans is more normal than that of the peoples just considered. In each case there is a slight majority of males. They bring a larger amount of money with them than the other nationalities, and nearly all have the rudiments of an education. The Scandinavians have the largest percentage of literates of any nationality, and, next to the Irish, the largest proportion belonging to the self-supporting age. But with them more women than men emigrate, and they bring only a little more money than the Irish. The Portuguese emigrate in families in the same proportion as do the Jews. They bring less money than the Irish, and are among the most illiterate of all the nationalities that come.

CHAPTER III

STANDARD OF LIVING

Having considered the chief characteristics of the various racial groups as immigrants, we are prepared to study their social and economic life as residents of the country. Let us consider first their standard of living, including in this consideration the location, dwelling, and diet of the people.

The North End, the oldest part of Boston, was one of the chief resorts of the Irish when they first settled here, and it is now the home of a large proportion of the recent immigrants. At present it is especially an Italian quarter, although Russian Jews and Irish live there in large numbers. Representatives of twenty-two other nationalities, including a majority of the Portuguese, are also to be found in this quarter, but none of these constitutes a large factor of the population.

Although the North End is still the most noticeably foreign part of the city, both in the number and in the variety of its immigrants, it is by no means the only immigrant quarter. The Jews have already taken almost exclusive possession of the northern part of the West End, and in the South End and in East Boston they are becoming numerous. The Irish may be found in large numbers in every tenement district of the city, and they are still one of the chief factors in the population of South Boston, East Boston, and Lower Roxbury. More Germans are living in Roxbury than in any other section of the city, although a goodly number are to be found in the South End, the district which they formerly occupied. The Negroes have been living in the West End and in the South End almost exclusively for

many years, but now a new section near the Roxbury line is becoming the most popular of all. Many of the English-speaking foreign inhabitants, as well as those Americans who have migrated to Boston from other parts of the United States, are denizens of lodging houses which are located in the greatest numbers in the West and South Ends.¹ The dwelling houses in the North End are nearly all tenements. Some of those on the principal streets are modern structures of large size, but in some of the back streets old wooden houses are preserved as tenements of a small type. The large tenements, which are common also in other parts of the city proper, have the disadvantage of lack of privacy for family life. Altogether too many of the utilities *must* be used in common; sometimes a single sink placed in the hall does service for all the families on the floor.

In the West End there is a peculiar type of Jewish tenements which were built primarily to rent, not to live in; but incidentally they serve as dwellings for many families. These dwellings are not always new, nor are the alterations made in them always deep. Bay windows and fancy ornaments make them beautiful to look upon, while bells and speaking tubes raise them to the dignity of apartments. In fact they look as though the Jews had put them through the old clothes process and they had come out "cleaned, repaired, dyed, and pressed."

A characteristic of the South End is the large number of the tenements which have been evolved out of the brick dwellings of former well-to-do residents. The advantage of these houses is that they are small, accom-

¹ See maps in "The city wilderness" and in "Americans in process" for the exact location of the foreign born, and also for the character of the buildings.

modating from three to six families only. They are also well built, though their construction is ill-adapted to tenements, the fewest possible alterations having been made in them. Tenement houses in South Boston and in Roxbury are almost exclusively of the small type, but they were built for tenement houses and consequently have not the inconveniences of many of those in the South End. The monotony of all these districts is occasionally relieved by "model" tenements, or at least by those designed primarily for living purposes. And these tenements are just as available for the poor as are any others, for the rents are no greater than those charged for the less desirable rooms.¹

The following table is of interest as showing the comparative numbers of each nationality living in rented tenements in 1891:—

TABLE VI.—PROPORTIONS OF THE VARIOUS NATIONALITIES
LIVING IN RENTED TENEMENTS IN 1891.

<i>Nationality</i>	<i>Estimated Population</i>	<i>No. in Rented Tenements</i> ²	<i>Percent- age</i>
Germany.....	10,470.....	6,454.....	61.64
Other states of U. S.	64,419.....	40,449.....	62.79
Massachusetts.....	231,130.....	152,449.....	65.95
Great Britain and colonies	18,453.....	12,286.....	66.58
Ireland.....	71,467.....	47,864.....	66.97
Norway and Sweden.....	4,588.....	3,210.....	70.00
British America.....	39,476.....	29,391.....	74.45
Portugal.....	956.....	1,000.....	—
Italy.....	5,354.....	5,922.....	—
Russia.....	5,840.....	7,911.....	—

The population for 1891 is estimated from the number given in the federal census of 1890 and the state census of 1895. In the case of the Portuguese, Italians, and Russians, a larger number were actually found in the tenements alone in 1891 than the total population ac-

¹ See the Eighth special report of the U. S. commissioner of labor, p. 188.

² Twenty-third annual report of the Massachusetts bureau of statistics of labor, p. 188.

cording to the estimate; therefore the growth of these nationalities in 1890-91 must have been proportionately larger than it was during the following years. At the same time we may safely conclude that practically all the families of these nationalities were living in rented tenements. A larger number of Germans than of Americans were living in homes of their own, though under "Massachusetts" are included all the children of the foreign born. The British and Irish come next to the Americans, with about equal proportions. The Scandinavians who come next show a large percentage owning homes when we consider how large a proportion of them have come within recent years. The small number of British Americans is the natural result of the temporary character of that immigration.

In some of the large tenement houses of the principal streets of the North End, as well as in the smaller tenements of the back alleys, the Italians live in a more crowded manner than any other people in the city. In 1891, when the tenement house census of Boston was taken, two precincts of the North End occupied almost exclusively by Italians contained 259 families, or more than one-fourth of the total population, who were living on an average of two persons to a room; and 154 of these families were occupying single rooms. The average number of persons to a room for the two precincts was 1.41. Since that time the board of health has ordered vacated some of the least sanitary of these houses and has improved the condition of others; in 1895, however, the average density of the population for the whole ward and probably also for these precincts was found to have increased somewhat, and in 1899 individual cases of crowding were discovered which were worse than those

reported in 1891.¹ A partial census of another part of the North End, taken in 1898, shows comparatively little change in the average density of the population. In 1891 the average number of persons to a room was found to be 1.37, and in 1898 1.39.²

One of the most objectionable features of the crowding of the Italians is found in the mode of life of the single men. Ten or twelve men together will rent one room of a tenement, each paying 25 or 30 cents a week. They are entitled to a fire for the cold winter days, and the woman occupying the tenement agrees to have some care of their clothing. This is their home for the time being. During the winter much of their leisure is spent in their rooms or in the saloons drinking beer or playing cards. In many cases beer is one of the chief items of expense, for the food of the Italians is as inexpensive as their lodgings. Two meals a day, sufficiently elaborate to repair the vital forces expended in card-playing, can be obtained for about a dollar a week.³ Most of the recent immigrants, whether single men or families, have their eyes open for every possible means of economy. Italian women walking majestically through the streets, with great bundles of waste wood on their head, show their ability for obtaining cheap fuel. And children not infrequently are sent to the large markets to gather vegetables which have been thrown away because no longer fresh.⁴

¹ See Harold K. Estabrook, pamphlet, *Some slums in Boston*.

² Labor bulletin No. 11, July, 1899.

³ See Bulletin of the department of labor, 13, p. 722. An investigation of 742 Italian families, including 3711 persons in Chicago, showed that the cost of food per week averaged 82 cents for each member of the family.

⁴ See Bulletin of the department of labor, 13, p. 722.

The Jews in the North and West Ends are only a little less densely crowded than the Italians. In two of the precincts which they occupy in the North End, according to the tenement house census of Boston taken in 1891, 230 families, or nearly one-fourth of the whole number, were living with an average of more than two persons to a room. In the case of the Jews it means a larger number of children and fewer adults than in the case of the Italians. Well-to-do Jewish families, even more frequently than Italian families, occupy cramped quarters. It suits those in modest circumstances as well as the poor, for small owners desire to receive as much and tenants wish to give as little of the unearned increment as possible. The poor Jews are probably the least cleanly in their houses of all nationalities if we compare only those Italians who live in families. House cleaning seems to be so religiously set apart for holiday observance only that even Jewish landlords, it is said, prefer to rent their houses to other nationalities. In the matter of food the Jews have a much higher standard of living than the Italians. Beef and poultry are staples, instead of vegetables as with the Italians. Marketing is an important part of the life in their quarter. Towards evening hucksters of all kinds of food supplies turn the streets into veritable markets, offering their products at prices somewhat below those of the regular dealers.

The most congested portions of the Irish districts are in South Boston. In two districts of old ward 13, which was situated in the northern part of the island, the average number of persons to a room in 1891 was found to be 1.24, although hardly any tenements contained more than two persons to a room. The Irish usually keep their tenements cleaner than either the Jews or the

Italians. The number of unthrifty Irish, however, strikes an observer as being very large, and with this class home life is shiftless and disorderly. The Irish have no natural instinct for economy. That characteristic which is generosity with one class is carelessness with another. Frequently they pay more than is necessary for rent, and are wasteful in their marketing, with the result that the standard of life in Irish families would often indicate a smaller wage than is actually received. The more thrifty class of Irish raise their standard of living pretty rapidly as their incomes increase, and they readily adopt American standards.

In that part of Roxbury occupied by Germans the population is less dense and the tenements are lighter and in better condition than those in the North End or in many of the other tenement sections of the city. The German differs from most immigrants in the value he sets upon physical comforts. He does not select a hole in the ground for an abode, and he does not prefer fine raiment to a good dinner. According to some standards the Germans might be considered extravagant, but they are more thrifty than the Irish, and consequently can maintain a higher standard with the same expenditure.

In the colored quarters many instances of crowding are met with, but the average density is not high. In only one precinct which lies partly within the colored quarter in the West End is the average density more than one person to a room. Many of the Negro tenements are in alley-ways, and these are liable to be very poor. The poorer class of Negroes probably spend less on their lodgings than do almost any other people except the Italians. In this regard the contrast is especially marked between Negroes and Americans living in lodging houses. Of those receiving the same

wages, the Negro will save by living in an uncomfortable and unsanitary room, while the American will economize in almost every other way in order to have a more homelike apartment. In the matter of food the Negroes usually live as well as their incomes will permit. They do not stint themselves in this line, and they do not like to see others go hungry. Then the Negroes nearly always keep their quarters tidy. It must be admitted as especially true of Negroes that the more successful wage-earners spend a large proportion of their incomes upon clothing, decorations, and sensual pleasures.

The question of sanitation in tenements is distinct from that of crowding. The most densely crowded tenements are not always the least sanitary ones, although on the whole the Italians occupy the least sanitary as well as the most crowded quarters. The following table, taken from the tenement house census of Boston for 1891, shows the proportions of the three chief nationalities who were occupying unsanitary tenements in parts of the North and West Ends. The whole of the sixth ward was in the North End, and the seventh ward extended from the North End into the West End. Throughout the North End a large proportion of the Italian and Jewish residents were living in objectionable tenements. In one precinct of the North End more than half the Irish inhabitants were occupying unsanitary dwellings, but in the other sections the percentage of the Irish was much below that of either the Italians or the Jews.

The seventh ward contained the largest number of unsanitary tenements of any part of the city. In precinct 3 nearly all the Italians occupied unsanitary houses, and in precincts 4 and 5 a large percentage of the total population lived in objectionable tenements.

TABLE VII.—PERCENTAGES OF THE THREE GIVEN NATIONALITIES LIVING IN TENEMENTS "POOR AND BAD" IN AT LEAST ONE RESPECT.¹

<i>Ward</i>	<i>Precinct</i>	<i>Irish</i>	<i>Italians</i>	<i>Russians</i>
6-----	1-----	54.78-----	31.03-----	55.36
	2-----	9.22-----	34.53-----	18.63
	3-----	18.59-----	49.63-----	29.17
	4-----	29.65-----	65.61-----	40.17
	5-----	13.71-----	38.48-----	21.47
7-----	1-----	13.19-----	65.11-----	11.63
	2-----	12.98-----	57.72-----	24.32
	3-----	19.57-----	86.79-----	37.10
	4-----	46.59-----	70.72-----	80.38
	5-----	43.20-----	62.64-----	78.29
Average-----		27.148-----	56.226-----	39.652

In these last mentioned precincts the proportion of the Jewish residents was the largest. The average for the two wards shows the poorer situation of the Italians, for over one-half of their number were occupying unsanitary quarters as against forty per cent of the Russians and twenty-seven per cent of the Irish. This is the only part of the city in which a comparison of this kind can be made among the different nationalities. In other sections the unsanitary houses were less numerous, but not a few were in the Irish districts of the South End and of South Boston and in the Negro quarters of the West End.

To understand the environment of many of the English-speaking immigrants, we must turn from the tenement house to the lodging house. Representatives of nearly all the nationalities are to be found in the lodging houses, but a large percentage of the British Americans and English occupy them, and most of the houses are kept by British Americans or by Americans who have come to Boston from other parts of New England. Boarding and lodging houses in the census definition of the term include those houses "occupied entirely for the accommodation of boarders and lodgers and contain,

¹ Tenement house census of Boston, 1891.

except in a few cases, more than fifteen residents.”¹ In 1891 there were 1642 such houses, and they had a population of 27,512. This number has greatly increased, however, for in 1895 54,442 boarders and lodgers were enumerated, and consequently they now form no inconsiderable part of the population. This last figure, however, includes all boarders and lodgers wherever found, while the first simply gives the number of inhabitants of lodging houses as above described.

Lodgers are by no means confined to houses of this description. Many apartments spare an extra room for the accommodation of one or two lodgers, and even more frequently lodgers are crowded into tenement rooms of scant dimensions. Small rooms with no outside windows and even parts of rooms are let for lodgings, and in this way a single man can get sleeping accommodations for fifty cents a week. The crowding to which this gives rise among the Italians has already been noted, and among the Irish and the Negroes overcrowding of the same nature is of frequent occurrence.

There are several grades of regular lodging houses. The Beacon Hill district and parts of the South End contain boarding and lodging houses which offer very comfortable homes to persons who are not in a position to have homes of their own. From these there is an almost uninterrupted scale of descent to tramps' lodgings. The average lodging house is neither unendurable nor yet very comfortable. It is usually one which has been deserted by its former owner and occupied on account of its undesirable location, and is rented to some person or persons who are willing to speculate upon their future livelihood by caring for lodgers. Beneath their calm exteriors these houses are actually struggling

¹ Massachusetts state census, 1895, vol. 1, p. 538.

for existence on the one hand and for respectability on the other. The conditions in some parts of the South End are such as to place the combination of these two attributes in almost unstable equilibrium, and most houses prefer to sacrifice a bit of their meagre store of respectability in order to continue their existence, rather than to keep up a stern and threatening attitude of propriety in the face of a yearly deficit.

The lodgers themselves are clerks, salesmen, saleswomen, mechanics, waitresses, and unskilled laborers, young people full of hope for business success in the city, and older persons with small incomes and chronic lodging house habits. The rooms occupied vary greatly both in price and in comfort. A large front room costs \$4.00 or \$5.00 a week and is usually occupied by two persons. The corresponding room in the rear is about a dollar cheaper. Side rooms with one window and very little space not occupied by the scant furniture may be had for \$1.50 or \$2.00 a week. These rooms are always the most easily rented as they best suit the purses of the majority of lodgers. The popular dining rooms for lodgers are to be found in the basements of many lodging houses, though usually they are under separate management. The expressive sign, "Ladies \$3.00, Gents \$3.50," indicates to the initiated what may be had within. The boarder must provide himself with a meal ticket, and this is carefully punched by a sharp-eyed individual when he leaves the room. This lodging house class, whether composed of rural Americans or of foreign immigrants, is for the most part in a different social and industrial position from those who crowd the tenement sections, and should be carefully distinguished from the mass of immigrants. Ordinarily these lodgers have a higher social standard and are

struggling to maintain it. To do this they remain single and stick to the lodging house. In making a study of the population of a city, it is misleading to group the tenement and the lodging house classes together, simply because they may all be immigrants. The social characteristics of the two classes are likely to differ widely.

To recapitulate: it will be seen that the environment and standard of life of the racial groups in Boston correspond pretty closely to their characteristics as immigrants. The Jews who have known no other life than that of the ghettos of European cities find no inconvenience in the crowding and filth of Boston slums. Their lives hitherto have been greatly restricted, and a beginning is made here with very slender resources; but, since they are possessed with an irresistible desire to get on, immediate comfort is subordinated to this end, probably with little sense of sacrifice.

The Italians, a large number of whom are single men migrating for purely economic reasons, are living in the most crowded and on the whole the most unsanitary quarters of the North End, and are maintaining a standard of life which insures the greatest amount of saving possible.

The Irish who came during the middle of the century were exceedingly poor and occupied correspondingly wretched quarters. They have now had time to improve their condition, and in general their standard of life has been raised in the same degree. The more successful conform pretty closely to American standards. The poorer class, however, occupy somewhat better homes than the Italians or Jews, but live on a low plane through ignorance and shiftlessness, rather than through a desire to save.

The Negroes, who have been used to little freedom and independence in action, lack judgment and prudence in the use of their resources, and their manner of living shows little of the Hebrew sense of provision for the future. Homelike, healthful surroundings are sacrificed in order that a love of personal display and the more sensual appetites may be gratified.

The Germans and Scandinavians have been accustomed to better social conditions than any of these. As immigrants they are more literate and are in better financial circumstances, and they maintain a higher standard of living in this country.

The better class of British Americans and English have some resources to begin on, and they are in much the same situation as American immigrants from the rural districts. Many of them dwell in lodging houses which form temporary and often desolate substitutes for homes, but which enable them to maintain a somewhat higher social standard than the majority of immigrants. At the same time another class of persons from these countries is to be found in some of the poorest tenement districts, incapable of maintaining a standard of life much above the line of dependence.

CHAPTER IV

VITALITY

Passing now to a more detailed study of the individual characteristics of the nationalities themselves, let us consider first the birth and death rates. The death rates will give us a rough idea of the racial vigor of the different groups, while a comparison of the figures for births and deaths will show the relative rate of multiplication. This rate of natural increase is all-important as showing from what nationalities and under what conditions of life the next generation is to come.

The impossibility of obtaining exactly comparable statistics for births and deaths by nationality should be clearly understood at the outset. In a comparison of the statistics obtainable, the difficulty for the most part lies in the comparison of figures for the foreigners with those of the Americans, because a second or third generation of foreigners has to be considered as "native-born," and, as a result, the groups are abnormal in composition. Take, for example, the mortality statistics by parent nativity. The third generation of foreigners—which should be very young persons—is included with the Americans, and therefore gives a disproportionately large number of children to the native group. Now if the children are mostly under five years, a period at which the death rate is high, the addition of this class to the native born would tend to raise the death rate among them and lower it correspondingly among the foreign groups. As a matter of fact, however, the death rate for the native group in Table VIII is about the same as for the whole of Massachusetts, and only a little higher than that for northern European countries.

Infants under five years of age, with whom the death rate is high, may be offset in this case by children over ten years of age, with whom the death rate is low. At any rate the error seems to be slight, and the mortality statistics may be considered roughly comparable.

The error in reckoning the birth rate is, however, more troublesome. In this case the second generation of foreigners is included with the natives, and the inaccuracy applies particularly to the more recent immigrants, who are multiplying rapidly. This large addition of young persons to the native group makes the birth rate for them too small and that for the foreign group somewhat too large. The abnormal birth rates obtained for the foreign groups is due only in a slight measure to the cause just explained. Foreign immigrant groups do not represent normal populations, for, since immigrants on arrival belong for the most part to the reproductive age, the birth rate among groups recently arrived is abnormally large. The figures given in Table IX do not represent the relative fecundity of the various groups in Boston, but rather their actual rate of increase.

The mortality rates in Table VIII are computed from the number of deaths as compiled by the board of health. In order to avoid any irregularities which might occur in a single year, the number per thousand of the population is found by taking the average number of deaths for each nationality for the three years 1894, 1895, and 1896 and dividing this by the number of the different nationalities as given in the state census of 1895. The rates for parent nativity are also given, and they are of more significance than those for place of birth, because they indicate more closely the true national groups.

TABLE VIII.—RATES OF MORTALITY BY PLACE OF BIRTH
AND PARENT NATIVITY FOR THE VARIOUS ETHNIC GROUPS
IN BOSTON, 1894-96.¹

<i>Place of Birth</i>	<i>No. of Deaths</i>	<i>Rate</i>
<i>City</i>	11,494	23.12
Negroes	305 $\frac{2}{3}$	32.27
Ireland	2,058	28.75
United States	7,692 $\frac{2}{3}$	24.33
Scotland	90 $\frac{1}{3}$	19.26
England	238 $\frac{1}{3}$	17.92
Germany	187	17.14
British America	689 $\frac{1}{3}$	16.27
Italy	118	14.93
Other countries	232 $\frac{2}{3}$	13.15
Russia (1895)	73	6.09
Unknown	138 $\frac{1}{3}$	—

<i>Parentage</i>	<i>No. of Deaths</i>	<i>Rate</i>	<i>Rate in Country Given,² 1895</i>
Other countries	853	41.37	—
Italy	294	25.88	25.3
Ireland	3,681 $\frac{2}{3}$	24.94	18.4
United States	2,635 $\frac{2}{3}$	19.03	19. (Mass.)
British America	691 $\frac{2}{3}$	17.34	—
Mixed parentage	997	17.00	—
England	262 $\frac{2}{3}$	16.10	18.7
Scotland	141 $\frac{2}{3}$		19.7
Russia	270	15.95	—
Germany	304 $\frac{2}{3}$	14.71	22.11
Unknown	1,158	—	—

Since the death rate for the city as a whole is 23, the Negroes, the Irish, and natives of the United States have a higher rate than the average. The mortality of the native born is ordinarily higher than that of the foreign born, because the native children of foreigners are included in the native born, and because the foreign immigrants have a smaller proportion of aged persons. According to the United States census of 1890, the death rate for the native born was 25.93, and that for the foreign 22.25. This being the case, the high death rate of the Irish is all the more surprising. As the Irish, however, have been in this country longer than most of

¹ Compiled from the reports of the Boston board of health.

² British blue books, 105, No. 25, p. 104, and No. 46, p. 253.

the other nationalities, they doubtless have a larger proportion of aged persons. At the same time the Germans, who have been here nearly as long, show no such high rate of mortality.

As is the case in other parts of the country, the mortality of the Negroes is greater than that of the whites. In Boston it is larger than that of any other ethnic group. The national census of 1890¹ gave the death rate of the Negroes in Boston as 33.29 and that of the whites as 24.62. Much the same result was obtained by Frederick L. Hoffman in his study of the Negro race. The death rate in ten of the Southern cities was : whites, 20.12; colored, 32.61.² He found, furthermore, that the colored were subject to a higher death rate for all diseases of infants and for consumption, pneumonia, scrofula, venereal diseases, and malarial fevers.

The Scotch, English, Germans, and British Americans have moderately low death rates. The Italians, however, have an even lower death rate, notwithstanding their unhealthful mode of life. The cause is probably the youth and health of the Italian peasants who immigrate.

Perhaps the most remarkable figures in the table are those for the Russian Jews—6.09. This low rate of mortality is confirmed from other sources. A special investigation of the vital statistics of Jewish families made by the bureau of statistics of labor for 1890 gave the average death rate for about 12,000 Jews as 7.11, and for the eastern states as 6.29.³ According to this report, deaths among the Jews are very seldom due to

¹ Vital statistics, pt. II, p. 5.

² Race traits and tendencies of the American Negro, p. 39.

³ Twelfth census bulletin No. 19.

consumption, but are due to diphtheria much more commonly than is the case with other peoples.

The value of the second part of Table VIII, the death rate by parent nativity, is perhaps affected somewhat by the large number of cases in which the parentage was unknown. Still some of the more striking changes may be noted. The rise in the death rate among the Italians from 14.93 when reckoned by place of birth to 25.88 by parent nativity shows that their unhealthful environment and low standard of life has its effect upon the second generation if not upon the first. The difference must be due for the most part to the high infant mortality. The same thing seems to be true of the less important nationalities given under the head of "other countries." These smaller nationalities together include a considerable number of deaths, and the rate is even higher among them than it is among the Negroes. The death rate for the native Americans falls from 24.33 to 19.03 as a result of excluding the native born of foreign parentage. This rate would be lowered still further if it were not for the fact that the Negroes were included with the whites in the statistics for parent nativity.

According to Table VIII, the Irish, English, Scotch, and Germans have a smaller death rate by parent nativity than by place of birth; but owing to the large number of cases in which the parent nativity is unknown, we cannot conclude with certainty that the mortality of the second generation in each of these cases is smaller than that of the first. The mortality of the second generation of the Jews is greater than that of the first, the rate rising from 6.09 to 15.95. This shows, as in the case of the Italians, the effect of poor environment upon the children. Even with this difference in the death rate, however, the mortality of the Jews is remark-

ably low. The low death rate obtained for the Germans, 14.71, is in contradiction to the fact that employees of breweries are ordinarily subject to a high death rate. However, the Jews among the Germans probably lower the average rate of mortality, and furthermore all Germans live in fairly sanitary quarters, so that the mortality of the Germans would not be likely to be high, even though the parentage of all deaths had been reported.

The death rates of the various nationalities in Boston bear little resemblance to the death rates in the countries from which they come. In European countries these rates decrease quite uniformly with the temperature, the northern countries having the smallest death rates. The high mortality of the Italians in Boston corresponds to that in Italy; but in opposition to these figures, the rate for Ireland is low and that for the German Empire is high.

The difference in the death rates of the second generation of the Irish, Italians, and Jews is noticeable, and deserves further consideration. It cannot be due to the immediate environment, because the Jews are living in as poor surroundings as are the Irish, and nearly as poor as the Italians. In accounting for the difference it may be noted that the position of children is different among the Jews from what it is among the poor Irish and Italians. Family life is more complete with the Jews, and children are held in greater esteem. This is usually the case with peoples among whom the patriarchal idea of the family persists. Whenever, on the other hand, the idea of individual happiness takes precedence over family unity, divorce becomes more frequent and large families are looked upon as a misfortune. In addition to this difference in sentiment of parents towards

children, the Jewish religion teaches specific hygienic rules which doubtless help to preserve the lives of the children.

In mentioning these very general race characteristics there is no intention of ignoring the exceptions. It is true that desertions, if not divorces, are not infrequent among the Jews; and in many cases children are treated with anything but tenderness. Nor is there any intention of minimizing the love which even the very poor Irish and Italian parents have for their children. Their sentiment, however, seems to be of a somewhat different character. The pleasure which they derive from their children is more of a personal matter, and affection varies more readily with the mood of the parent. That Johnny will sometime take his father's position and continue the house of the Murphy's is not the fondest hope of the Irish parent, though the probability that he will do so cannot be doubted. The love of the Irish parent is evident enough, but it is too often an impulsive, irrational, physical love. The ill health of Irish children is too often brought about by a disregard of the simplest rules of health. Mere infants are given half baked beans or cucumbers to eat, and if they fall ill their mothers show their love by giving them some delicacy like beer or ginger ale. If we could once grasp the number of things that Irish and Italian parents do not know, their high infant mortality would not seem so surprising.

The figures for births in Table IX are taken from the reports of the city registrar. They are not so complete and reliable as could be desired, but the rates differ so greatly for the different nationalities that a general comparison can be made, even though the rates are not exact. Births have not been reported of late years by

nationality, and averages for 1889 and 1890 are the latest that can be obtained. At this time reliance was placed chiefly upon a house to house canvas for information concerning births, the present system of physicians' reports dating from 1892.¹

The rates in Table IX are obtained by dividing the number of births, which are given according to the nativity of parents, by the number of persons born in the specified country, as reported in the United States census of 1890. Births of mixed parentage are divided equally between the two nationalities to which the parents belong. As has been said, this gives the actual increase by propagation of the various groups, but does not permit a comparison of their natural fecundity, as the age periods and proportion of the sexes vary greatly among the different nationalities.

TABLE IX.—BIRTH RATES FOR VARIOUS ETHNIC GROUPS
IN BOSTON FOR 1889-90.²

<i>Birth Place of Parents</i>	<i>Number</i>	<i>Rate</i>	<i>Rate in Country Specified³</i>
<i>Total for the City</i>	-----	29.31-----	-----
United States	4,777	16.40-----	-----
Negroes	227 ½	28.00-----	-----
Holland	11	30.30-----	32.80
Switzerland	13 ½	31.80-----	28.00
France	30 ½	34.80-----	21.70
Scotland	181	40.30-----	30.40
England and Wales...	564	41.00-----	30.30
British America	1,625 ½	42.40-----	-----
Ireland	3,256	45.60-----	23.20
Germany	497 ½	48.00-----	36.10
Sweden	177 ½	52.00-----	27.50
Norway	51	59.20-----	30.60
Austria and Hungary ..	44	80.30-----	37 70 and 41.5
Russia and Poland	497 ½	94.60-----	-----
Italy	493 ½	104.60-----	35.20
Unknown	507	-----	-----

¹ See report of the city registrar for 1893.

² Compiled from reports of the city registrar.

³ British blue books, 105, No. 25, p. 14, and 104, No. 46, p. 253. Still births are excluded.

According to the report of the Massachusetts board of health for 1896, the birth rate for the state was 16.58 for native born and 50.40 for foreign born. This figure for the natives of the state corresponds very closely to that for the native whites in Boston. The rate for the colored is considerably higher than that for the native whites, but is smaller than that of any of the foreign born. Among the foreign born the rate for all the older immigrants is below the average of the total foreign born in Massachusetts, and the rate for the more recently immigrating foreigners is above the average. The obvious conclusion to be drawn is that after a few years the enormously high birth rate of the Jews and Italians will fall to that of the Irish and Germans. It is also probable that the birth rate of the Jews and Italians will fall somewhat, but there are two reasons for believing that it will remain higher than that of other nationalities: First, the birth rate of the Irish and the Germans, which is now the highest of the older nationalities, has never been nearly so high as that of the Italians and Jews of the present time. The birth rate of the Irish in 1845 was 67.7, and in 1850 it was 52.3, and that of the Germans 56.4. Secondly, the European birth rate of the Jews is much higher than that of other peoples, and the birth rate in Italy is much higher than that in Ireland, though it is the same as in Germany. The birth rate is seldomly reported for the Jews alone; but, wherever it is given, it is uniformly above that of the rest of the population. Of the Jews in Poland Arnold White says: "The Polish Jews have multiplied as no other race has multiplied. They are increasing at four times the rate of the Russians who think themselves the most prolific race in Christendom."¹

¹ Arnold White, *The modern Jew*, p. 37.

For a further analysis of these figures let us turn to Table X, where the natural increase of the ethnic factors is shown by the difference between births and deaths. Although, owing to the inaccuracies already mentioned in compiling these figures, the two sets are not exactly comparable, the table is nevertheless sufficiently accurate for a rough comparison of the relative rates of increase of the various groups. And the figures are supplemented and for the most part confirmed by a second method of reckoning the natural rate of increase given in the last column of the table—by estimating the percentage of increase of the native born of foreign parentage for the five years from 1890 to 1895. For example, an increase of the native born of Irish parentage for the five years ending 1895 was 3133, which is 4.37 per cent of 71,441, the number of the Irish in the city in 1890. This method gives very nearly the true rate of increase by propagation of each nationality, except that it does not allow for migrations to and from the city. Of course there is a slight irregularity arising from the fact that some nationalities were increasing by immigration more rapidly than others. As the native born children of foreigners immigrating between the years 1890 and 1895 are included with the others, the nationalities immigrating most rapidly during those years would show a disproportionately large rate of natural increase, because the percentages are compiled on the basis of the population in 1890. The rate differs so much, however, that the order of nationalities is unchanged if the percentages are based upon the population statistics for 1895 instead of those for 1890. Therefore this inaccuracy may be practically disregarded. The possible errors in the table have been fully set forth, but it is not probable that they are suf-

ficiently large to affect its real purpose, which is to find the relative positions of the various ethnic factors, in order that a fair comparison of them may be made. The absolute figures of the rates are of minor importance.

The death rates in this table are not those given in Table VIII, but are for the same years as the birth rates, 1889-90. The order of nationalities is very nearly the same as that given in Table VIII. A smaller number were reported "unknown" in 1889-90, and therefore the percentages are probably somewhat more accurate.

TABLE X.—NATURAL INCREASE OF THE VARIOUS ETHNIC GROUPS IN BOSTON.

<i>Nation- ality</i>	<i>Birth rate</i>	<i>Death Rate (Parent Nativity)</i>	<i>Differ- ence</i>	<i>Per Cent of Increase of Native Born of Foreign Parent- age, 1890-95</i>	
Negroes -----	28.00----	30.80----	-2.80	----	----
United States --	16.40----	17.20----	-0.80	----	-3.67
Ireland -----	45.60----	25.20----	20.40	----	4.37
France -----	34.80----	-----	-----	----	6.90
British America	42.40----	17.40----	25.00	----	6.39
Scotland -----	40 30----	15.70----	24.60	} 25.40	7.31
England -----	41.00----	14.70----	26.30		
Germany -----	48.00----	15.00----	33.00	----	7.03
Sweden -----	52.00----	-----	-----	----	10.85
Russia -----	94.60----	15.90----	78.70	----	25.05
Italy -----	104.60----	25.30----	79.30	----	21.25

The striking figures for the persons born in the United States, showing a higher death rate than birth rate, though apparently confirmed by the figures in the last column, cannot be considered conclusive, because the birth rate for the United States, as has been said, is doubtless somewhat too small. The decrease in the number of persons of American parentage shown in the last column may be due to the large migration of Americans from Boston to the suburbs during those years.¹ Nevertheless it must be admitted that the

¹ See *Publications of the American Statistical Association*, June, 1899, p. 258.

native Americans in Boston are increasing by propagation very little if at all. It is improbable that this low rate of increase of native Americans is applicable to any large area of the United States, though in the cities of the older part of the country, where competition is strong and where there is a large foreign population, the natives are doubtless increasing very slowly.

A sufficient explanation of these phenomena may be found in the theory of A. Dumont¹ that the growth of population varies inversely with "social capillarity." And his contention that individual democracies are unfavorable to a high birth rate receives confirmation in the United States as well as in France. The truth is, competition is so keen in our large cities that the maintenance of the American standard of life, including social position, is inconsistent with the rearing of a large family and sometimes even with marriage itself. Moreover, young Americans just starting in life are strongly impelled by the competition of foreigners just below them to practice every economy in order to retain their superior social position. The fear of falling into the same class with persons of a different social type who themselves may have no social position in this country to lose is the strongest incentive to young Americans, and results in a practical check upon the second generation of the rural stock, which, we have reason to believe, was in former years a valuable factor in the population of the city. Proof of this may be found in the large lodging house class of Americans who either never marry or at best marry late in life.

Decrease in the case of the Negroes is an entirely different phenomenon from that in the case of the native whites. A high death rate instead of a low birth rate is causing

¹ Arsene Dumont, *Dépopulation et civilization*.

the Negroes to disappear. The failure of the Negroes to maintain their numbers by propagation is probably due in part to climatic causes, but it is due also to the many subtle influences which uniformly cause an inferior race to disappear when in direct contact with a higher civilization. A race can make the best use of its higher products simply because it has by its own efforts produced them. The capability of producing them implies the capability of using them. At the same time every race that survives must necessarily evolve a type capable of withstanding the vices attendant upon its own civilization, to the extent, at least, of enabling the sustaining forces to overbalance the destroying forces. Only a comparatively small minority of an uncultured race will be in a position to appropriate the best products of a higher civilization. On the other hand, the great majority are liable to be seduced by those attractions which appeal to the lower natures. As a result such a race is demoralized by forms of vice which it is not adapted to withstand. Thus life in a large city, among a different race, has its influence, along with climatic causes, in reducing the number of the Negroes.

The death rate of the Negroes in Boston was even larger in 1895 than it was in 1890, and we may therefore safely assume that the decrease is still continuing. The birth and death rates have varied somewhat for different periods, but for the most part they have never shown any tendency towards a natural increase.¹ The Negroes as a race seem to have a smaller power of resisting disease than do the whites. Professor Warner says, "The colored people are weak physically, become sick easily, and often die without visible resistance to

¹ See Hoffman, *Race traits and tendencies of the American Negro*, p. 36.

death."¹ Anthropologists tell us how easily death comes to primitive peoples. Not infrequently they die in a few hours simply from a superstitious fear or even from the simple desire to die because tired of life. It seems to be the rule that tenacity of life increases with the evolution of the race.

Of all the foreign nationalities the Irish show the smallest rate of natural increase. While this is perhaps contrary to the general opinion, it is proved both by the difference between the birth and death rates and by the low rate of increase of the native born of Irish parentage. Here again the cause is not in the low birth rate, as is the case with the Americans, but in the exceedingly high death rate. The explanation, therefore, does not lie in the fact that the Irish, being among the oldest inhabitants, are now hard pressed by later arrivals and as a result are propagating slowly, although this is doubtless true of a part of the Irish who have a social standing to maintain. As a whole, however, the Irish seem to be subjected to a strong process of natural selection, which is weeding out a large number who are physically unable to survive in their environments. The difference between the birth and death rates is nothing like that of the Negroes, with whom the destroying forces are greater than the reproductive. The natural increase of the Irish is actually large, although it is smaller than that of any of the other foreign nationalities.

The British Americans, Scotch, and English are all increasing at about the same rate. The birth rate of each is smaller than that of the Irish, but the death rate is so much smaller that their natural increase is considerably larger. This is shown by both methods of

¹ Amos G. Warner, *American charities*, p. 47.

calculation. The death rate of the English for this period was, in fact, smaller than that of any other nationality. The death rate for the French is not given, but the growth of the native born of French parentage shows a rate of increase for the French somewhat greater than that for the Irish, but smaller than that for the British Americans. The Swedes by the same methods of calculation show a much higher rate of increase. The Germans, owing to a higher birth rate, are increasing more rapidly than any of the English-speaking foreign born. This high rate, shown by the difference between the birth and death rates, is not so well confirmed as in the case of the other nationalities by the increase in the native born of foreign parentage as given in the last column. This, however, probably indicates a migration of the second generation from the city.

Considering the conditions under which the various nationalities live, the superior vitality of the Jews is manifest. Although many of them are poor and live in the most wretched tenement districts of the city, the mortality both of children and of adults is remarkably low. Doubtless the long experience of the Jews in the ghettos of European cities has, by selection, helped to evolve a race peculiarly adapted both morally and physically to withstand the unhealthful life of the slums. Another more direct factor working along the same line is the influence of their religion in its hygienic and moral regulations. The result of these two agents has been to form a people remarkably free from that class of moral degenerates who breed a weak offspring, destined merely to live a miserable life and die a premature death.

Following the same method of examination, it might be supposed that the Irish had lived under adverse cir-

cumstances long enough to evolve a race more tenacious of life than the rate of mortality among them indicates. There is, however, an obvious difference in the situation of the two peoples, for the great majority of the Irish come from rural districts, and consequently, unlike the Jews, they are unfitted to withstand the evil influences of the cities in which they congregate. Another important difference lies in the character of the two peoples. An exceptional sense of self-preservation has been developed by the Jews, at first probably by close contact with unfriendly people, and later through persecutions by immediate neighbors. The Irish, on the other hand, have been more isolated; their immediate struggle has been with nature rather than with men, so that they have not been forced to become self-centered. Now, however much more agreeable the greater radiation of the Irish temperament may be, it is certainly less effective when the question is one of mere survival.

- That the Italians are unfitted to overcome the evil effects of unhealthful surroundings to the same extent as the Jews is evident from the greater mortality of their children. Like the Irish they are a rural class, and succumb to the unhealthful conditions of the city in about the same degree. The larger birth rate obtained for the Italians is probably owing to a smaller number of children and aged persons among the immigrants, and does not signify a greater natural fecundity than among the Jews.

To recapitulate the evidence as to the relative vitality of the various groups, it is noticeable that the most recent immigrants have the lowest death rate and the highest birth rate, the death rate tending to increase and the birth rate to decrease with length of residence. This is due in part to the fact that as time passes the

nationalities contain a larger percentage of older persons.

Of more significance is the mortality of parent nativity. From these figures we can trace a direct relationship between the mortality of the second generation and the standard of living maintained. The Irish and the Italians, who live in some of the least sanitary parts of the city and maintain a low standard of living, have, along with less important nationalities, the highest death rates of any of the foreign immigrants. The mortality of the second generation of the Irish is considerably smaller than that of the Italians, and, on the whole, the Irish maintain a higher standard of living. The Jews, it is true, occupy as crowded quarters as the other nationalities, and at the same time have a low rate of mortality; but, with the exception of their housing accommodations, they lead a much more healthful life than either the Irish or the Italians, and show greater intelligence in the care of their children. From the life of the Jews in European countries, it seems evident that they have become adapted through selection to the crowded life of city slums. In this connection it is interesting to note the comparative freedom of the Jews from consumption. The British Americans, the English, and the Scotch have a medium death rate; and all these nationalities are in somewhat better economic conditions than the Irish, and maintain a higher standard of living. The Germans, also, though ranking with the English in length of residence, have the smallest death rate of any of the nationalities, notwithstanding the fact that the rate of mortality for Germany is much higher than that for the British Isles. The high death rate among the Negroes, though due partly to climatic causes, seems to be due chiefly to inferiority of race.

The wide variations in the birth rate among the different groups is due for the most part to differences in ages and in the proportion of married persons among the immigrants. Whether it is due entirely to these causes or not cannot be absolutely determined. It seems probable, however, that the increased hopefulness among recent immigrants, if not the mere change of physical environment, acts as a stimulus to population. The birth rate among the later immigrants will probably be decreased as it has among the Irish, Germans, and other nationalities which arrived in the early part of the century; and the decrease in rate may mean a decrease in actual fecundity, especially if a general advance is made in the social scale. The low birth rate among the Americans seems to be due to the restraint necessitated by economic conditions imposed while they are striving to maintain their social position in the face of the threatening competition of foreign immigrants.

Finally, as to the question of the origin of the next generation, Table X shows that the Negroes will contribute nothing and that the influence of the old Americans will be imperceptible. The rate of natural increase of the Jews and Italians is far ahead of that of any other nationality; but, since they are not nearly as numerous as most of the other nationalities, their actual increase is less. The Irish, as might be expected, have the largest numerical increase for the five years ending with 1895, though they surpass the Russians by a surprisingly small margin. The Russians, with a population in 1895 of only 11,979, as against 71,571 Irish, made an actual increase during the previous five years of 3001, as against 3133 for the Irish. So the difference in the rate of increase for the two nationalities given in Table IX just about makes up for a six-fold difference in the

numbers of the two groups. The British Americans, who follow the Irish in point of numbers, come next with a numerical increase of 2810 for the five years. Next to them and ahead of the British come the Italians, a comparatively small group, with 1679. With a population only one-ninth as large as that of the Irish, their natural increase was more than half as large. Next in order are the British, 1138; the Germans, 967; and the Swedes, 531. The Germans, as previously noted, show a smaller actual increase than would be obtained from the difference between the birth and death rates.

Of the four racial groups contributing the largest numbers to the growth of the population of the city, three—the Irish, Russians, and Italians—represent, next to the Negroes, perhaps the poorest social conditions; and in the case of the Irish and Italians the growth is made at the greatest expense of human life. The Russians show the greatest tenacity of life, and they are rapidly surpassing other nationalities in natural increase. Between 1890 and 1895 the Russians grew 178 per cent by immigration and 25 per cent by propagation, and doubtless during the next five years they surpassed every other group.

CHAPTER V

OCCUPATIONS

Unfortunately statistics of a very recent date are unavailable, as the occupations of the population of Boston are not given by place of birth in the census of 1895. The statistics for 1885, however, are still sufficiently significant to be worth presenting, and a comparison of these with similar figures for 1870 will show the changes which have taken place in the character of employment along national lines. Before considering the various occupations in detail, the general situation for the total population as given in Table XI should be noted.

TABLE XI.—PERCENTAGES OF PERSONS ENGAGED IN GAINFUL OCCUPATIONS IN 1885, BY SEX AND PLACE OF BIRTH.¹

<i>Per Cent engaged in Gainful Occupations</i>		<i>Per Cent of Adult Females who were Housewives</i>	
<i>Males</i>	<i>Females</i>		
<i>Total</i> ----- 68.67	----- 29.53	----- 47.80	
Ireland ----- 93.72	Portugal ----- 47.22	Massachusetts ----- 36.50	
Germany ----- 91.63	British Amer. -- 45.19	British Amer. -- 42.00	
Sweden ----- 91.57	Sweden ----- 41.48	Portugal ----- 45.73	
Portugal ----- 91.46	Ireland ----- 34.44	Sweden ----- 49.85	
Scotland ----- 88.43	Other states -- 33.54	Other states -- 50.03	
England ----- 88.08	England ----- 30.05	England ----- 55.80	
Italy ² ----- 87.58	Scotland ----- 28.05	Ireland ----- 56.63	
Russia ² ----- 86.61	Massachusetts -- 24.11	Scotland ----- 58.93	
British Amer. -- 86.39	Germany ----- 16.89	Russia ----- 70.37	
Other states --- 85.76	Russia ----- 15.30	Italy ----- 72.53	
Massachusetts -- 50.57	Italy ----- 14.17	Germany ----- 74.10	

In 1885 68.67 per cent of the total male population and 29.53 per cent of the female population were engaged in gainful occupations, though in this estimate the regularity of the employment is not considered. Of

¹ Compiled from the Massachusetts state census of 1885.

² As the Italians and Russians were not given in 1885 in detail for Boston, the figures for the state are presented in this and the following tables. Boston at that time contained 77 per cent of the Russian and nearly 60 per cent of the Italian residents of the state.

those deducted as having no gainful occupation by far the largest number are children at home and at school, and, in the case of women, housewives and persons engaged in housework. The remainder come under the head of retired and dependent. Of the separate nationalities it will be seen that among the men the Irish show the largest percentage of persons employed, and the Germans, Swedes, and Portugese each have a slightly smaller percentage. The Scotch and English come next, and they are followed by the Italians and Russians. The British Americans and the Americans are last. The small percentage of persons of Massachusetts birth having an occupation is of course due to the fact that nearly all native children of foreign parentage are included in this category.

Turning now to the female population, a few significant changes are noticeable. A larger percentage of British American women than of men are engaged in gainful occupations, as are also a relatively large percentage of women from the United States outside of Massachusetts. On the other hand, German women enter industrial pursuits to a very limited extent, and Russian and Italian women in even smaller proportions. A large number of women engaged in industrial pursuits ordinarily means the immigration of single persons. This fact is brought out by the figures in the third column, which shows the percentages of housewives of the total adult female population in each group. By "housewife" is meant any person whose chief occupation is to take charge of the domestic affairs of a household. It happens that some women who are not married are so engaged, and doubtless a considerable number of married women have some other occupation, so that the figures are not intended to give the proportion of

married women among the different ethnic groups, though they indicate it approximately.¹ It will be noticed that the figures in this column are roughly in inverse order to those in the preceding column, showing that a large proportion of married women in a nationality goes with a small proportion engaged in gainful occupations.

Natives of Massachusetts appear in their true position here, in as much as children are omitted and only adults considered. Massachusetts shows the smallest percentage of married women of any group, and the British Americans have the next smallest. A slight irregularity occurs in the case of the Irish. A larger proportion are married than might be expected, considering the number engaged in outside occupations. The reason is that a smaller proportion of Irish women who are unmarried remain at home than is the case with other nationalities. For the Portuguese the figures are somewhat misleading, because a large number of their married women are at work and are, therefore, reported under their occupation and not as housewives. A larger proportion of these than the table would indicate are, or have been, married. If we turn back to Table III, which shows the ratio of the two sexes, we shall see a very close correspondence, with the exception of the Irish, between the ratio of the sexes and the number of married women. The Italians, Germans, and Russians, who show very large percentages of married women, are the nationalities which have also the greatest excess of males; while the British Americans, Portuguese, and Swedes have an excess of females.

¹ In the Report of the U. S. Commissioner of Labor for 1888, on Working women in large cities, out of the 1406 included in the investigation for Boston, 58 women were reported as married.

A comparison of nationalities according to groups of labor is made in Table XII, which combines all occupations under three heads: (1) the professional and mercantile classes and those in the government employ; (2) artisans and skilled laborers; (3) unskilled laborers. Peddlers have been separated from the merchants and dealers and placed with the unskilled as they belong to a different social class from the majority of the merchants. By far the largest number of the first class are

TABLE XII.—OCCUPATIONS BY PLACE OF BIRTH FOR 1870 AND 1885.¹

1. Per Cent Professional and Mercantile		2. Per Cent Artisans and Skilled Workmen		3. Per Cent Unskilled Workmen	
Total	26	Total	34	Total	24
Other states	36	Sweden	53	Ireland	48
Massachusetts	34	British America	49	Russia	46
Italy	24	Scotland	49	Portugal	38
England	20	Portugal	45	Italy	33
Germany	20	England	41	Germany	28
Scotland	18	Germany	40	Sweden	28
British America	17	Other states	36	England	23
Russia	15	Ireland	31	British America	21
Ireland	30	Italy	30	Scotland	19
Portugal	9	Massachusetts	29	Massachusetts	16
Sweden	8	Russia	22	Other states	14
1870.					
1. Per Cent Professional and Mercantile		2. Per Cent Artisans and Skilled Workmen		3. Per Cent Unskilled Workmen	
Total	20	Total	27	Total	37
United States	22	British America	41	Ireland	66
Italy	16	Scotland	39	Sweden	51
Scotland	15	Germany	38	British America	36
England	13	England	33	Italy	35
Germany	12	Sweden	30	England	34
British America	8	United States	29	Scotland	31
Ireland	6	Italy	29	Germany	30
Sweden	3	Ireland	19	United States	21

native born, and persons from other states take a higher rank than those who were born in Massachusetts. This is probably because the Massachusetts-born include

¹ Occupations "not given" or "not classified" form quite a large percentage of the whole, and for that reason the three classes here given do not make 100 per cent.

children of foreigners, and so do not reflect the real American element. The Italians, English, Germans, Scotch, and British Americans have a moderately large number in the higher employments; while the Russians, Portuguese, Swedes, and Irish show a very small percentage. The Russian and Italian merchants are for the most part small dealers. Nearly one-half the Italian merchants are fruit dealers, and many of them are mere peddlers, though they are not so classed in the census. The artisan class is the one in which the British Americans predominate; it includes nearly one-half of them. Though the percentage of Scotch is nearly as large and that of the Swedes is even larger, as these groups form a much smaller percentage of Boston's population than do the British Americans, they do not affect the trades of the city in the same degree.

Though the artisan class as a whole is much larger than the first class, it contains a smaller number of Americans. This is true, however, of no other nationality; the English and Germans have a larger proportion than the average, the Irish and Italians a somewhat smaller one. The Russians, as we might expect, have a smaller proportion in this class than any other nationality; but it may seem surprising that there is a larger number here than in the mercantile class. Doubtless not all the Jews can enter their favorite occupations immediately upon their arrival. But it should be noted that the majority of Jews engaged in dickering were considered by the census officials to be peddlers. The fact that the tailoring trades are included under "skilled workmen" helps to account for the number of Jews in this class.

The column for unskilled labor shows a rough reversion of the order of the first column, though the Swedes, British Americans, and Scotch have a comparatively

small percentage in both these classes, for the reason that they belong predominantly to the artisan class. The Americans have a smaller percentage than any other nationality among the unskilled laborers, and the Irish have the largest. The Russians are represented here to nearly as great an extent as the Irish, and both nationalities show a larger percentage in this class of work than in both the other classes together, notwithstanding the fact that this group as a whole includes a smaller number of persons than either of the other groups. All the other nationalities except the Italians show a larger percentage of skilled than of unskilled labor.

The English and the Germans show a striking similarity in the proportion of persons entering the different grades of occupations, and the British Americans and Scotch are also very similar. The fact that two nationalities tend to enter the same grade of work does not necessarily imply that they are competing with each other. Owing to the minute division of labor a nationality may enter one particular branch even of unskilled labor without competing seriously with persons in another branch of the same grade of work.

Let us now turn to Table XIII to obtain an idea of particular occupations, though this table is by no means sufficiently detailed to show the precise nature of the employments. The first class of labor as given in Table XII was found to be represented for the most part by Americans, and this is especially true of the governmental and professional employments. A considerable number of the Irish are in the employment of the city, especially on the police force, and this number has doubtless increased in proportion with their longer residence here. In professional lines nearly as large a

TABLE XIII.—DETAILED OCCUPATIONS BY PLACE OF BIRTH OF
MALES AND FEMALES FOR 1870, OF MALES FOR 1885.

Nationality	Total No. in Gainful Occupations		Laundry Work		Fishermen	
	Year	1870	1885	1870	1885	1870	1885
Total -----	102,740	127,852	684	290	362	483
Massachusetts } -----	54,983 {	50,068 }	129	{ 10 18 }	47	{ 61 13 }
Other states ---						
Ireland -----	31,701	26,907	504	3	293	332
British Amer. ---	7,026	9,540	27	4	10	25
England -----	3,106	4,644	7	2	3	5
Scotland -----	979	1,522	3	1	-----	1
Germany -----	3,165	4 423	7	-----	1	2
Italy -----	302	2,307	-----	-----	-----	11
Sweden -----	562	935	-----	1	2	1
Portugal -----	-----	482	-----	-----	-----	29
Russia -----	-----	977	-----	-----	-----	29

Nationality	Car and Carriage Makers		Ship Builders		Agricul- turalists		Bakers and Confection- ers	
	Year	1870	1885	1870	1885	1870	1885	1870	1885
Total -----	463	596	879	248	499	1,135	633	1,171
Massachusetts -----	265	{ 248 }	472	{ 137 }	242	{ 311 }	213	{ 309 }
Other states -----									{ 137 }	{ 67 }	{ 109 }	{ 129 }
Ireland -----	88	89	67	192	189	507	154	179
British Amer. ---	54	94	189	34	28	69	32	82
England -----	12	25	47	13	12	51	39	46
Scotland -----	6	8	20	13	3	26	23	80
Germany -----	21	17	11	---	16	41	128	236
Italy -----	2	---	3	14	2	33	6	53
Sweden -----	9	12	18	5	2	4	1	3
Portugal -----	---	1	---	4	---	1	---	---
Russia -----	---	6	---	---	---	14	---	---

Nationality	Peddlers		Servants in Families		Boarding and Livery		Water Transporta- tion	
	Year	1870	1885	1870	1885	1870	1885	1870	1885
Total -----	847	1,147	14,026	1,216	530	1,258	2,106	1,273
Massachusetts } Other states... }	373	{ 248 71 }	4,041	{ 229 246 }	181	{ 305 199 }	880	{ 372 262 }
Ireland -----	291	258	7,595	472	307	614	306	168
British-Amer. ...	27	18	1,546	77	21	77	168	192
England -----	50	40	343	94	9	26	232	58
Scotland -----	2	3	127	28	6	8	39	22
Germany -----	58	91	179	13	5	15	75	14
Italy -----	10	---	14	---	---	---	21	---
Sweden -----	1	---	55	15	---	1	165	50
Portugal -----	---	---	---	4	---	---	---	37
Russia -----	---	282	---	---	---	---	---	---

Nationality	Teamsters		Carpenters and Wood Workers		Metal Workers		Merchants and Dealers		
	Year	1870	1885	1870	1885	1870	1885	1870	1885
Total	-----	2,744	4,786	4,633	5,887	3,862	6,754	7,534	8,526
Mass. -----	} 1,672	2,100	2,545	{ 1,322	2,065	{ 2,363	5,833	{ 3,658	
Other sts. -----									880	{ 1,220	{ 1,042	1,911
Ireland -----	813	1,129	771	795	913	1,434	1,011	1,314	
British Amer. -----	131	428	974	1,653	344	694	161	341	
England -----	52	91	118	232	226	423	164	51	
Scotland -----	8	21	55	122	198	168	40	61	
Germany -----	40	56	110	168	156	247	204	425	
Italy -----	-----	15	3	38	423	61	28	415	
Sweden -----	1	5	18	59	-----	136	10	16	
Portugal -----	-----	3	-----	26	-----	15	-----	26	
Russia -----	-----	-----	-----	11	-----	-----	-----	98	

<i>Nationality</i>	<i>Manufacturing Employees</i>		<i>Laborers</i>		<i>Clerks, Bookkeepers, Stenographers, Salesmen</i>	
<i>Year</i>	<i>1870</i>	<i>1885</i>	<i>1870</i>	<i>1885</i>	<i>1870</i>	<i>1885</i>
<i>Total</i> -----	4,101	8,866	13,332	11,027	8,615	14,489
Massachusetts -----	1,198 {	2,850	2,226 {	1,890	7,473 {	8,525
Other states -----		1,136		541		3,357
Ireland -----	1,209	2,180	4,920	7,221	385	647
British Amer. -----	264	660	386	458	368	918
England -----	132	426	236	256	174	381
Scotland -----	45	125	79	59	82	156
Germany -----	346	872	251	143	86	175
Italy -----	1	205	59	512	5	48
Sweden -----	17	134	45	51	6	26
Portugal -----	-----	39	-----	72	-----	-----
Russia -----	-----	82	-----	39	-----	7

number of Americans—and this means, of course, a much larger proportion—comes from outside of Massachusetts as from within it. The larger proportion of the physicians, clergymen, and preachers of the city are natives of states other than Massachusetts. The only professional line in which foreigners are strong is that of music. More of Boston's musicians are foreign born than native born. Germany furnishes the greater number, though the majority of the Italian professional men are musicians. Italian street musicians, to be sure, do not represent a high grade of professional life, but there is a goodly number of high grade musicians and music teachers among the Italians.

A somewhat different situation holds with the commercial classes. Bankers and brokers, like the classes just considered, are predominantly American. Among the foreign born only the English show a percentage in this line above the average. In the large class of clerks, bookkeepers, and salesmen, however, the British Americans take a prominent part, though the Americans and especially natives of Massachusetts are the best represented in proportion to their total numbers. In the class of merchants and dealers, however, natives of Massachusetts are considerably below the average. Americans born outside of Massachusetts play a much larger part in the mercantile life of the city in proportion to their numbers than do natives of Massachusetts. The Jewish propensity for trade shows itself in the large numbers of Germans and Russians in this class. The Italians, however, go far beyond the Jews in the number of small dealers and tradesmen, since more than half are fruit dealers. The Italians cannot show a very large proportion of dealers at the present time, for the merchant class is mostly Genoese, and the present immigrants are preponderantly Southern Italians.

One of the most important classes of skilled workmen is that of carpenters and woodworkers of various kinds. More British Americans in Boston belong to the carpenters' trade than to any other single occupation, and a larger number of Boston's carpenters come from British America than from any other country, except from the United States as a whole. Besides the British Americans, the Scotch, English, and Swedes have a larger number than the average in these trades. A comparatively small number of skilled workmen are to be found among the Irish. Only among the masons and the stone workers, railroad employees, and tailors

do they show large proportions. In the tailoring trade the Americans are poorly represented, while a considerable number of foreign nationalities have entered it. The Jews, both Russian and German, are, however, most noticeably prominent. The more skilled among the Italians are masons and stone workers, barbers, and bakers. Many Germans, also, are barbers and bakers, and a few skilled workers among the Portuguese are barbers and woodworkers.

We have already seen that the majority of Irish are unskilled. It appears, furthermore, from Table XIII that the Irish predominate in every branch of unskilled labor excepting water transportation. The British Americans, English, Scotch, and Swedes all enter this line of work. The Portuguese follow the water to a great extent, both as sailors and fishermen, though of late years they have been moving to suburban towns so that the proportion of Boston residents in this line of work is smaller than it was. The only class of unskilled labor in which the Americans enter very largely is that of teaming. Here the Americans and British Americans compete with the Irish. Much the same thing is true of other forms of city transportation, though these other forms present a higher grade of labor, as they include street car employees. The Russians take the lead in peddling, without serious opposition from other nationalities; although there were less than 1000 Russians in industrial pursuits, 282 peddlers out of 1177 were of that nationality. In 1885 the Irish and Germans also had more than their proportionate number of peddlers, but since then the Jews, Syrians, and Greeks have pretty well monopolized the business. Although there is a goodly number of English coachmen, the Irish supply most of the house servants and

coachmen, included under "servants in families." In manufacturing establishments American men are poorly represented, although, as we shall see later on, this is not the case with the women. With the possible exception of the British Americans, all foreign groups, especially the Italians and Swedes, are well represented in factory employment. Unskilled laborers are mostly Irish and Italian.

Turning now to the occupations of the women, the relative proportions of each nationality found in the three general classes of occupations, in so far as they were classified in the census returns, are presented in Table XIV. Table XI showed that less than 30 per

TABLE XIV.—OCCUPATIONS OF FEMALES IN 1895 BY
PLACE OF BIRTH.¹

<i>Per Cent</i> <i>Mercantile and</i> <i>Professional</i>		<i>Per Cent</i> <i>Skilled</i>		<i>Per Cent</i> <i>Unskilled</i>	
<i>Total</i>	15	<i>Total</i>	26	<i>Total</i>	34
Italy	23	Portugal	75	Sweden	68
Other states	20	British America	34	Ireland	63
Massachusetts	20	Other states	31	Germany	50
Germany	15	England	28	Scotland	48
England	13	Scotland	27	British America	45
Scotland	13	Massachusetts	25	England	36
British America	9	Russia	25	Russia	25
Ireland	6	Sweden	21	Massachusetts	21
Russia	4	Germany	19	Italy	20
Sweden	4	Ireland	19	Other states	16
Portugal	1	Italy	15	Portugal	9

cent of all the women were engaged in gainful occupations, and that the percentage among the Germans, Russians, and Italians was still smaller. The smallest number—15 per cent—were following professional and mercantile pursuits. The order of nationalities for this class is much the same for the women as for the men, the chief difference being that the large number of Italian female merchants brings them to the front. The presence of domestic servants in the unskilled class

¹ Compiled from the Massachusetts state census.

makes this the largest of the three. In this class the Swedes, Irish, Germans, Scotch, and British Americans take the lead. In the class of skilled laborers, numerous minor differences in the order for men and women occur; but none of them are very significant.

The minor changes may be seen best by turning to the occupations in detail in Table XV. The majority of those in government employment are engaged as nurses in public institutions, and hence they may be considered with the class of "nurses and hospital employees." Americans from outside of Massachusetts, British Americans, and Scotch enter these occupations in relatively large proportions. As clerks and sales-

TABLE XV.—DETAILED OCCUPATIONS BY PLACE OF BIRTH,
FEMALES, 1885.

<i>Nationality</i>	<i>Total in Gainful Occupat'ns</i>	<i>Errand Girls</i>	<i>Government</i>	<i>Composi- tors and Printers</i>	<i>Merchants and Dealers</i>
<i>Total</i>	60,306	371	423	516	551
Massachusetts	24,474	275	141	341	103
Other states	9,770	22	101	98	61
Ireland	13,444	29	92	10	247
British Amer.	7,560	24	62	39	37
England	1,480	12	8	12	29
Scotland	413	4	6	---	4
Germany	673	---	4	6	21
Sweden	448	---	---	1	---
Portugal	281	2	---	---	---
Italy	192	---	---	---	31
Russia	112	---	---	---	5

<i>Nationality</i>	<i>House- keepers</i>	<i>Nurses & Hospital Employees</i>	<i>Clerks & Book- keepers</i>	<i>Laun- dresses</i>	<i>Sales- women</i>
<i>Total</i>	903	1,342	2,048	2,159	2,185
Massachusetts	266	350	1,397	246	1,427
Other states	247	338	388	285	368
Ireland	198	263	41	1,294	95
British Amer.	119	225	138	172	167
England	24	50	27	41	53
Scotland	7	23	5	23	13
Germany	6	21	10	23	12
Sweden	8	9	2	24	3
Portugal	1	---	---	4	8
Italy	2	---	5	---	---
Russia	---	---	---	---	---

<i>Nationality</i>	<i>Profes- sional</i>	<i>Boarding and Lodging</i>	<i>Manufac- turing Employees</i>	<i>Clothing makers, Milliners, Seamstress</i>	<i>Domestic Servants</i>
<i>Total</i> -----	2,647	3,694	3,787	10,757	14,425
Massachusetts	1,544	915	2,524	4,657	2,119
Other states --	751	786	281	1,981	1,029
Ireland -----	101	1,122	410	1,212	6,761
British Amer. --	93	573	248	1,823	2,959
England -----	29	107	140	280	342
Scotland -----	3	44	26	60	146
Germany -----	35	35	39	84	278
Sweden -----	6	18	11	68	271
Portugal -----	2	3	----	207	21
Italy -----	----	----	22	27	16
Russia -----	----	----	7	33	21

women Americans only are well represented. In the class of small dealers, however, only a small proportion of Americans is to be found, the Irish, Jews, and Italians being the best represented. In the more skilled lines of work, compositors and printers are almost exclusively American. The boarding and lodging house keepers are pretty well divided up, though Americans from rural districts, Irish, and British Americans are especially numerous. Immigrants from northern New England and from British America are becoming to a greater extent proprietors of the middle class lodging houses. In the department of makers of clothing and seamstresses, the large number of Portuguese is especially noticeable. Indeed, the majority of all Portuguese women are occupied in this line of work. Nearly all of them, however, are "pant makers," and are about the least skilled and poorest paid of all needlewomen. Americans from outside of Massachusetts, British Americans, English, and Russians also enter one department or another of this work. The Italians and Russians are makers of clothing of much the same grade as the Portuguese, while the Americans and British Americans are dress-makers and seamstresses of a more skilled type.

In unskilled lines of work the laundresses are mostly Irish. The Irish, Germans, and Swedes go into domestic service to a great extent, and the British Americans very commonly work in restaurants. On the other hand, natives of Massachusetts enter factories to a greater extent than do any of the other nationalities. The preference of American girls for the freer life in manufacturing establishments, in place of better paid domestic service, is well known.

A study of the occupations for 1870 will now show the more important changes which have taken place in the various occupations, and it will show also the increasing competition of different nationalities in the same lines of work. Of course the most important nationalities enter all the principal occupations to some extent, and to this extent competition is general. Still, as we have seen, there are national tendencies towards certain occupations; and the point of interest is the extent to which nationalities compete in their special lines of work. As the occupations for 1870 in Table XII are not given by sex, the table includes both sexes.

Certain general changes in industrial development between 1870 and 1895 may be first noted. The total number of persons engaged in gainful occupations rose from 41 per cent of the total population in 1870 to 48.2 per cent in 1885, and to 48.5 per cent in 1895. Probably increasing immigration, in bringing in a larger proportion of adults, would have the effect of increasing the total working population; but another influence would come from the increasing number of women entering industrial pursuits. Indeed, the increasing number of workers between 1885 and 1895 was wholly due to the growth of female labor. The proportion of women in gainful occupations rose from 29.57 per cent in 1885 to

30.12 per cent in 1895, and the proportion of men decreased slightly—from 68.67 per cent to 68.18 per cent for the same period. Furthermore, labor in 1885 was of a distinctively higher grade than it was in 1870. The professional and mercantile class increased from 20 to 23 per cent, and artisans and skilled laborers from 27 to 30 per cent, while unskilled laborers decreased from 37 to 27 per cent. The relative numbers of the different nationalities in the three grades of labor did not change very much in the fifteen years.¹ The position of the nationalities in professional and skilled lines of work remained substantially the same except that a larger proportion of skilled laborers came from Sweden than was formerly the case, and in unskilled work Germany showed a relatively larger number in 1885.

Some interesting points of particular nationalities in specified occupations may be noted from the figures for the periods given in Table XIII. In government employment the Americans had a greater monopoly in 1870 than in 1885. In professional lines the Americans have held first place all along, and there is comparatively little serious competition from other nationalities. German professional men increased rapidly between 1870 and 1885, but their work, as well as that of most foreign born professional men, is supplementary rather than competitive. In 1870 the competition of foreign merchants and dealers was not serious. Most of them were small dealers, either with a local trade or else with one of a different kind from that of the ordinary stores. More recently, however, British Americans and English have come into competition with Americans, especially with the young men from rural districts, for such positions as those of clerks and salesmen. As merchants

¹ See Table XII.

and dealers, also, natives of Massachusetts were not proportionately represented even in 1885. The Jews at first entered a line of trade which was before undeveloped; many performed a peculiar service in saving and redistributing goods which in the natural course of American extravagance would have been wasted. But as the Jews progressed and entered the more customary lines of trade, their competition with American merchants became more and more severe. The Italian fruit and other small dealers built up a trade of their own, but they are now being hard pressed by some of the smaller nationalities like the Armenians and the Greeks.

The most extensive competition among the nationalities seems to be among skilled artisans. In a number of occupations of this class, especially in the case of carpenters and other woodworkers, the British Americans, Scotch, English, and Swedes are in direct competition. In 1870 the Americans were well represented in nearly all these trades, but the increased demand for this kind of labor has been met by the foreign nationalities; the Americans have uniformly lost ground in the struggle, while the British Americans have been the chief gainers. These are the occupations which attract artisans from British America, England, and Scotland for the season, and consequently the retirement of the Americans is not very surprising. The competition of the British Americans in the building trades has had a serious effect upon the native workman. The British Americans who come to Boston for the season have no permanent interest in the city, and they are affected less than permanent residents by the American cost of living. They do not join trade unions to the same extent as do the permanent residents, and they are entirely willing to cut wages. The trade union standard for carpenters'

wages is \$2.50, but British Americans often work for less than \$2.00, as it is for their temporary advantage to work for what they can get. The result is that the carpenters' union in Boston is unable to raise its standard wage to that which exists outside the sphere of the British American invasion. In southern New York and in Pennsylvania carpenters' wages are \$3.00 to \$3.75 per day. The British Americans, however, control wages here less than they otherwise would, because they are not the most efficient workmen. English and Scotch artisans do not have the same effect upon wages as British Americans, because nearly all of them belong to unions in their native countries, and they are also among the most skilled workmen in their trades.

The evolution of the painters' and metal workers' trades has been much the same as that of the carpenters'. As compositors and printers the Americans have held their own, but it is largely due to the women engaged in this line of work. The competition of British Americans, English, and Scotch is on the increase even here. Italian, Russian, and Portuguese artisans frequently supply a more local demand, and consequently compete only indirectly with other nationalities.

In unskilled occupations Americans are less in evidence, in nearly every case the Irish holding first place, competing with the English, the Scotch, or some of the more recently immigrating nationalities. In 1870, however, Americans had more of a monopoly on the teaming business than they do at present, and they were more largely engaged in agricultural labor. Competition among newsboys has been strong in recent years. Irish boys, who formerly sold papers in good-natured rivalry in all parts of the city, have now been driven into the Irish districts by the fierce competition of Jewish boys,

who make the work all business. Even in unskilled employments there is often a division of labor which makes competition less severe than it otherwise would be. In unskilled labor, for example, the Italians are supplanting the Irish to a great extent; but the Italians are more generally employed in contract work,—work which may be done under the direction of a “boss,”—while labor which is more individualized as well as all city labor is performed by the Irish. With the exception of professional lines and of some of the commercial branches, therefore, there are now few occupations in which Americans hold undisputed supremacy.

It is advantageous also to consider the question of labor with reference to classified occupations. For such a classification the figures for place of birth may be obtained for 1870 and 1875, and figures for the totals for 1880 and 1895. A slight difference in classification for these periods should be noted. In 1870 and 1880 the whole industrial population was definitely classified in one way or another, and consequently the totals foot up to 100 per cent. In 1885 and in 1895 some were “not given” or “not classified,” so that the population classified is less than 100 per cent of the industrial population. Hence in comparing the different periods it must be remembered that the percentage in each class in 1885 and 1895 should be raised a little to make them comparable with the percentages for 1870 and 1880. The figures for 1870 also do not include Brighton, West Roxbury, or Charlestown; and these districts might somewhat alter the relative importance of the classes. It will be seen from the figures that the relative number of persons engaged in manufacturing enterprises has so decreased that in 1895 less than one-third of the in-

dustrial population, or only fifteen per cent of the total population, was engaged in production. During the same time the number of persons engaged in trade and transportation so increased that 28.7 per cent of the working population were engaged in the process of distribution. This is nearly as large a number as those engaged in production, and shows to what extent Boston is a trading center for the products of New England. In the state as a whole only about two-fifths as many persons were engaged in trade and transportation as in production. The increase in the branch of distribution, however, has been in the line of transportation rather than that of trade. Persons engaged in railway and city transportation have shown a very marked increase since 1870 and also since 1885. Water transportation only has shown no gain.

Centralization in trade is shown by the fact that merchants and dealers have increased less rapidly than the total population, notwithstanding the increase in the number of Italian and Jewish dealers, while the number of clerks and salesmen has increased more rapidly. The small class of bankers, agents, and brokers has increased even more rapidly than clerks and salesmen. Unskilled laborers have been classed by themselves, for at one time they may be engaged in production and at another in transportation or in personal service. In 1885 this class appeared particularly small because many unskilled laborers were placed in the class in which they happened to be at the time. However, with the decrease in Irish immigration, the relative importance of this class has diminished. As unskilled laborers find employment, they become somewhat specialized.

These three classes just considered are for the most part engaged in production and distribution, but at least

one-fourth of the total number engaged in gainful occupations is not so included. These are engaged in serving individuals or the collective body, and their numbers have been slowly increasing. The government has demanded an increasing number of workers in proportion to the size of the aggregate, until in 1895 2.8 per cent of the total working population was in governmental employ. A similar increase is noticeable in professional lines. In 1870 this class included 2.2 per cent, and in 1895 4.6 per cent of the total number engaged in gainful pursuits. Spencer considers the function of the professional classes to be the augmentation of life, and an increase in the number of professional men ought certainly to make life richer because of increased intellectual activities. There is always the danger, however, that excessive development in any non-productive line will result in a drain on the social system. Since 1885 an increase relatively larger than that of the total population has taken place in every branch of professional life; but the gain has been especially marked in amusements, in literature, and in science. Artists, lawyers, musicians, and teachers have increased least rapidly. The value of those departments which have developed most rapidly depends very largely, of course, on the quality of the work. On the whole, it must be admitted, they do not represent the highest in professional life.

The largest class of workers not engaged directly in production or distribution is that of personal and domestic service. As division of labor in the industrial world extends and as wealth increases, it is to be expected that there will be a demand for a larger proportion of the industrial population to minister to the needs of the wealthy classes. In domestic service this increase

has not taken place, but in every other form of personal service there has been a marked increase since 1870. A number of explanations may be given for the decreased proportion of domestic servants. First, the proportion of domestic servants in Charlestown is smaller than that in the rest of the city, and its annexation, therefore, would tend to lower the average somewhat. Secondly, the number of families, or at least the number of families keeping house, has probably diminished relatively in that part of the population which hires servants. This cannot be shown statistically except for the fact that the boarding and lodging facilities have grown more rapidly than the population. If fewer marriages actually take place among the well-to-do, it cuts off the demand for domestic servants both by lessening the number of independent homes and also by leaving a larger number of women to help in the house work in the homes of their parents. Thirdly, in 1870, when the Irish were immigrating so rapidly, it is probable that the supply of servants was much greater in proportion to the demand than at present. For some reason the number of domestic servants seems to have been particularly large in 1870. This class engaged in domestic and personal service, forming in 1895 18.8 per cent of all those engaged in gainful occupations, is certainly large enough to have an influence on the distribution of wealth. The tendency of the various nationalities to enter these five classes of occupations may be seen from the figures for 1870 and 1885.

In productive enterprises the Portuguese head the list because of the large number of Portuguese seamstresses. The Germans, Swedes, and Scotch also show large percentages in this class, but the Americans and Irish have the smallest numbers. The largest gains in this line of

work were made by the Swedes and the Italians. In the department of trade and transportation, the large number of Jewish dealers brings the Russians to the head of the list. The Americans, both the natives of Massachusetts and of other states, come next, and this is the real line of American predominance. The Swedes and the Portuguese, who were well represented in productive pursuits, have the fewest representatives of all nationalities in trade and transportation. The Irish are represented only slightly in this line as well as in that of production. The proportion of Russians, Germans, British Americans, and Irish in the line of trade and transportation has increased somewhat since 1870; all other nationalities, including the Americans, are decreasing. Nearly all unskilled laborers are Italians or Irish, the proportion of Italians increasing and the Irish decreasing. All other nationalities have comparatively few representatives in this line, the Americans having the fewest of all. Governmental and professional employments have already been considered, though Table XVI gives a convenient method of comparison by percentages. In personal and domestic service the Irish and the Swedes have the largest proportion, the Swedes having increased very rapidly since 1870. The British Americans are also well represented, and the proportion of the Scotch is increasing. The Russians, natives of Massachusetts, and the Italians enter this line of work only to a limited extent. The large percentage of Americans from "other states" engaged in personal service is due to the influence of the Negro element.

The results of the statistics on occupations may now be briefly summarized. A comparatively small proportion of the native born are engaged in gainful occupations. Those who are so engaged tend to enter govern-

TABLE XVI.—CLASSIFIED OCCUPATIONS BY PLACE OF BIRTH,
1870 AND 1885.

(1870)													
<i>Government</i>		<i>Profes- sional</i>		<i>Personal and Domestic Service</i>		<i>Trade and Transpor- tation</i>		<i>Produc- tion</i>		<i>Laborers</i>			
<i>Total</i>	1.5	-----	2.2	-----	19.5	-----	25.3	-----	38.4	-----	12.9		
U. S.	2.3	Italy	4.3	Ire.	28.1	U. S.	34.9	Ger.	56.2	Ire.	31.3		
Scot.	1.5	U. S.	3.5	B. A.	25.8	Swed.	34.0	Scot.	55.6	Italy	19.5		
Ger.	1.1	Ger.	1.7	Italy	21.8	Eng.	24.0	B. A.	53.6	Scot.	8.1		
Eng.	.5	Scot.	1.1	Eng.	16.6	Italy	22.5	Eng.	50.1	Swed.	8.0		
Ire.	.5	Eng.	1.0	Ger.	16.2	Scot.	20.0	Swed.	43.6	Ger.	7.9		
Brit. A.	.2	Br. A.	.8	U. S.	14.3	Ger.	16.7	U. S.	40.6	Eng.	7.6		
		Swed.	.5	Swed.	13.8	B. A.	14.0	Italy	30.8	B. A.	5.5		
		Ire.	.3	Scot.	13.5	Ire.	12.1	Ire.	27.6	U. S.	4.1		
(1885)													
<i>Total</i>	2.2	-----	3.6	-----	17.0	-----	25.4	-----	29.2	-----	5.8		
O. Sts.	3.1	O. Sts.	7.1	Ire.	29.4	Rus.	39.7	Port.	54.4	Italy	20.5		
Mass.	2.8	Ger.	4.8	Swed.	29.0	Mass.	32.2	Ger.	47.6	Ire.	17.9		
Ire.	1.6	Mass.	4.3	B. A.	27.0	O. Sts.	30.8	Swed.	46.5	Port.	9.4		
Eng.	1.3	Italy	3.9	Scot.	17.8	Italy	20.9	Scot.	45.5	Eng.	4.2		
Ger.	1.2	Eng.	3.2	Eng.	15.9	Eng.	20.5	B. A.	39.0	Swed.	3.7		
B. A.	1.0	Scot.	1.8	O. Sts.	14.7	Scot.	18.7	Eng.	38.8	Rus.	3.6		
Scot.	1.0	Swed.	1.5	Ger.	14.5	Ger.	17.6	Rus.	32.2	Scot.	3.0		
Swed.	1.0	B. A.	1.4	Port.	14.0	B. A.	17.3	Italy	31.4	Ger.	2.8		
Port.	0.5	Port.	1.1	Italy	8.8	Ire.	15.2	Mass.	27.3	B. A.	2.6		
Rus.	0.4	Ire.	0.6	Mass.	8.6	Port.	10.2	O. Sts.	24.7	Mass.	2.5		
		Rus.	---	Rus.	3.4	Swed.	9.9	Ire.	25.6	O. Sts.	1.6		

mental, professional, or mercantile pursuits, though a considerable number of Americans from rural districts belong to the artisan class. The incoming of foreigners has to a certain extent forced Americans from the lower into the higher grades of labor. On the other hand, the greatly increased division of labor having been coincident with immigration, immigrants have fitted into positions in the industrial world which did not before exist for American laborers. Increasing opportunities for labor in the industrial centers have been one of the causes of the migration of rural Americans to the cities. There are, however, many reasons for believing that migration to the large centers has now passed beyond the needs of normal industrial development. The keenness of competition in mercantile pursuits seems to be

one of the chief reasons for the failure of Americans to keep up their numbers by propagation.

The Irish from the first have been engaged very largely in unskilled labor and in domestic and personal service. The displacement of the Irish from these occupations by the incoming of other nationalities, however, has been somewhat more marked than in the case of the Americans. The immigration of the Italians especially has forced the Irish to pass from unskilled to more skilled employments; and in wholly unskilled work a differentiation has taken place and the more general work which may be done by "gangs" of workmen is performed by the Italians or, to some extent, by the Armenians and the Jews.

From England and Scotland we get skilled workmen of a high grade. This is principally true of the building trade, where they have held their place against competition from other immigrants. The British Americans enter much the same grade of occupations as the English and the Scotch, though a somewhat smaller percentage enter professional and commercial pursuits, and their skilled laborers are somewhat less efficient than those from the British Isles. A much larger proportion of women workers come from British America than from most other countries, and their work is largely in competition with that of American women. The temporary character of much of the immigration from British America, a condition which permits the immigrants to underbid permanent Boston residents, makes the competition much more serious and raises doubts as to the industrial value of the extensive immigration from that country.

The Swedes in point of numbers are comparatively

unimportant. A larger percentage of them than of any other nationality, however, belong to the artisan class. And although they are more permanent residents than the British Americans, their influence on competition is much the same.

The number of Germans in professional lines has increased, but in other lines the proportion of workers has changed comparatively little. Though the proportion of Germans in the different grades of labor is much the same as that of the English, they compete with English-speaking nationalities to a comparatively small extent. Few German women enter industrial life.

The Russian Jews are to a very large extent engaged in trade and in the manufacture of clothing, yet there are many more Jewish artisans and unskilled laborers than is commonly supposed. The competition of Jews is strong, whatever be their occupation, but the very severity of competition in their case leads them to see the advantages of combination. Consequently they are earnest advocates of socialism, and some of the trade unions are composed almost wholly of Jews.

With the Italians a division of occupations may be made according to the division of the race into northern and southern Italians. The northern Italians belong particularly to the professional and the mercantile classes, and the southern Italians are the unskilled laborers. Unskilled Italian laborers who work under the *padrone* system receive smaller wages than Irish laborers, and even then the majority are unemployed for the greater part of the year. Considering here only the economic conditions, it may be said that the present immigration of southern Italians brings a large superfluous population of hot-headed men who are fit only for unskilled labor, and the presence of these men has

reacted on the Irish, making their employment less steady.¹

The few Portuguese in the city affect the skilled trades comparatively little. There are many Portuguese barbers, a few artisans, and among the women a large number of seamstresses. The work of the Portuguese is not of a very high grade, and they do not seriously compete with other nationalities.

It may be said, therefore, that the Americans, British Americans, English, Scotch, and Swedes enter much the same lines of employment. The rural Americans, more particularly those from northern New England, the British Americans, and the Swedes do not tend to form combinations, while artisans from the British Isles are the mainstay of the trade unions. The occupations of the Irish do not follow directly those of the above mentioned nationalities, but are of a rougher sort. The Italians tend to follow the occupations of the Irish. The Germans show about the same grade of skill as the English-speaking nationalities, though they differ from them considerably in detailed occupations. The Russians, on the other hand, have a narrower range of labor than most nationalities.

¹ It should be noted that some of the Italians maintain that during the busy summer season work is easily found for all, and therefore an excess of laborers does not exist. It should be remembered, however, that the busy season lasts for only a small part of the year. If there were fewer laborers, they might be employed for a larger part of the year.

CHAPTER VI

POVERTY

We will now study the relative number of undesirable elements in the various ethnic factors, using pauperism and crime as indices. Under the first head are included the dependent and semi-dependent classes. The most important statistics bearing upon pauperism are those from the almshouses. The figures in Table XVII give the number of persons by place of birth and by parent nativity residing in the almshouses during the winter of 1899-1900. There are two almshouses in the city of Boston: one, situated on Long Island, is for the ordinary city paupers; the other, located in Charlestown, is used exclusively for aged persons of both sexes. The former contained 616 residents and the latter 99, making a total of 715. This does not include all of Boston's paupers, as those who have not acquired a residence in Boston are sent to state institutions. The numbers and nationalities of these cannot be obtained. The percentages in the table are found by dividing the number of each nationality in the almshouses by the total number of that nationality residing in Boston in 1900.

The percentage of those in almshouses for the city as a whole is .127, and only the Irish and the Scotch show a higher ratio. Ireland is far ahead of any other nationality in the number of its paupers. The column for parent nativity also shows the same thing. Although the percentage is somewhat smaller reckoned according to parent nativity, the actual number is greater by 143, while the numbers for Great Britain, the United States, and British America are smaller by parent nativity than by place of birth. This shows

TABLE XVII.—PAUPERS IN THE CITY ALMSHOUSES BY PLACE OF BIRTH AND BY PARENT NATIVITY FOR THE YEAR 1899-1900.¹

<i>Birthplace</i>	<i>Males</i>	<i>Females</i>	<i>Total</i>	<i>Per Cent</i>	<i>Parent Nativity</i>	<i>No.</i>	<i>Per Cent</i>
<i>City (Total)</i> ..	328	387	715	.127	-----	-----	-----
Ireland	118	245	363	.517	Ireland	506	.323
Scotland.....	6	7	13	.290	Mixed.....	64	.215
England.....	1	12	13	.098	Great Britain ..	23	.097
United States	182	88	270	.074	Negro	6	.052
British Amer.	12	24	36	.071	United States..	61	.029
Negro	1	5	6	.052	Germany	6	.027
Germany	4	1	5	.047	Italy	4	.019
Italy	---	3	3	.022	Brit. America ..	9	.017
France	1	---	1	---	Sweden	1	---
Switzerland ..	1	---	1	---	Switzerland....	1	---
Wales	---	1	1	---	Holland	1	---
East Indies ..	---	1	1	---	Russia	1	---
Sweden.....	1	---	1	---	Finland	1	---
Finland	1	---	1	---	Unknown	31	---

that some of the paupers who were born in these countries are of Irish parentage. Others are of mixed parentage. Great Britain ranks next to Ireland in the proportion of paupers estimated both by place of birth and by parent nativity. Scotland, however, has a considerably larger proportion of paupers than England. According to this list the Negroes have a somewhat smaller proportion of paupers than the native whites, though the proportion reckoned by parent nativity is considerably larger. The small proportions of Germans and of Italians in the almshouses are noticeable, as is also the small number of British Americans reckoned by parent nativity. Perhaps the most noticeable thing, however, is the entire absence of Jews. One girl of Russian parentage was in the almshouse at this time, but it was not a case of pauperism, for she was taken there merely for hospital treatment.

¹ The table is arranged in the order of percentages for those nationalities only which have more than one representative. The figures in this table have never appeared in any of the reports of the pauper institutions. Access to the records was kindly given me by the pauper commissioners.

The sex of the paupers is of some interest. Forty-five per cent are males—a somewhat smaller proportion than the proportion of males in the city, which is 48 per cent. Although 42 per cent of the Irish inhabitants in the city are males, only 32 per cent of the Irish paupers are males. The males are in excess of the females in the Scotch population of the city, but in the almshouses the Scotch females predominate. Among the English in the city also the males slightly exceed the females, but twelve of the thirteen English paupers are females. Male paupers of native birth, and also those of German birth, exceed the females by a considerable margin, though in the native born population the females exceed the males. Thirty-three per cent of the British American paupers are males as against 41 per cent of the British American inhabitants of the city. The Negroes in the city are about equally divided as to sex, but only one of the 6 colored paupers is a male. All the Italian paupers are females, notwithstanding the fact that 60 per cent of the Italians in the city are males.

As a large number of paupers belonging more especially to the more recent immigrants are sent to state institutions, the proportions for the state are given in Table XVIII, in order to ascertain whether the small per-

TABLE XVIII.—PERCENTAGES OF PAUPERS FOR THE STATE, 1895,
BY PLACE OF BIRTH.¹

<i>Nationality</i>	<i>Per Cent</i>	<i>Nationality</i>	<i>Per Cent</i>
State .....	.33	Portugal .....	.34
Ireland	1.39	Holland .....	.33
Wales	1.30	United States .....	.33
Switzerland .....	.74	Norway .....	.31
Negroes .....	.62	British America .....	.24
Scotland .....	.51	Sweden .....	.20
Germany .....	.51	Italy .....	.16
England .....	.48	Russia and Poland .....	.16
France .....	.43		

¹ Compiled from the reports of the state census for 1895.

percentages for the Italians and the Jews are due to the fact that they have not obtained residence in the city. The percentages are obtained by dividing the number of paupers of each nationality as reported in the census of 1895 by the total number of each nationality in the state. The general order of the table, however, is similar for the leading nationalities to that in Table XVII. The Irish, Scotch, and English are still well up in the list, while the Swedes, Italians, and Jews are at the foot. The chief difference lies in the larger proportion of Negroes and of Germans and of the two less important nationalities, the French and the Swiss.

The almshouses, of course, contain the extreme type of paupers, those who, for a part of the year at least, are wholly dependent upon the city for their support. Besides these complete dependents, a large number of families are receiving assistance from one source or another, and statistics for a part of this relief work may be obtained. Some years ago the Associated Charities of Boston published in their annual reports the new cases by place of birth of the head of the family, and from these reports are compiled in Table XIX the averages for the three years 1889, 1890, and 1891, and the percentages are obtained by comparing them with the total numbers of the different nationalities in Boston in 1890.

TABLE XIX.—PROPORTIONS OF THE VARIOUS NATIONALITIES
APPEARING IN THE "NEW CASES" OF THE ASSOCIATED
CHARITIES FOR THE YEARS 1889, 1890, 1891.

<i>Nationality</i>	<i>No.</i>	<i>Per Cent</i>	<i>Nationality</i>	<i>No.</i>	<i>Per Cent</i>
France and Belg.	27 $\frac{1}{3}$	2.45	Scot'd and Wales	19	.40
Spain and Port. _	13 $\frac{2}{3}$	1.39	Russia and Pol. _	19 $\frac{1}{3}$	.36
Negro -----	68	.83	British America	127	.33
Italy -----	30 $\frac{2}{3}$	.65	Germany -----	31 $\frac{1}{2}$	.30
Ireland -----	435 $\frac{1}{2}$	.61	Scandinavia ----	11	.25
England -----	63	.46	United States ---	309 $\frac{1}{2}$	.11

In considering the table, however, it is important to

bear in mind two things. First, these figures give only the cases dealt with for the first time during the years mentioned, and not all the cases dealt with. The table consequently favors the older nationalities, because with them a smaller proportion of the total number of cases dealt with would be new cases. Secondly, there is a difference between the degree of dependence of the families considered in this table and that of those considered in the previous tables. These families are only partially dependent, and in many cases only temporarily so, or they may be simply in need of the attention of some benevolent individual. Again, as the number of families is given instead of individuals, any comparison will have to be made on the supposition that the average size of the families is the same for each nationality. This, as we have already seen, is not true; but making some allowance for the larger families of the Italians and Jews, this table will give useful auxiliary figures.

Studying the table, then, in the light of these considerations, the French and the Portuguese take the lead. A large number among these nationalities—like the Portuguese needle women who get only \$2.00 or \$3.00 a week—are just struggling along, barely able to maintain themselves if given some outside help. Such families are most liable to become wards of the Associated Charities. The Negroes and the Italians come next on the list of the Associated Charities, although not a large number of either were found in the almshouses. After these come the older nationalities, the Irish and the British, who rank first on the list among the paupers. The Germans and Scandinavians are well toward the foot of the list, as they are in the table showing the number of paupers in the city almshouses. The poverty existing among the Jews is best indicated

by Table XIX. Although they are comparatively free from pauperism, a great deal of poverty is to be met with among them. Much of the Jewish relief work is simply assisting a man to start in business, though repeated relief is given in not a few instances.

Table XIX gives by no means an adequate idea of the number of families which are receiving charitable aid even through private agencies. Nearly all nationalities have charitable societies of their own, and other societies do not observe national distinctions. It is impossible to ascertain the amount of this charity from private sources which goes to different nationalities. And even the large amount of relief work done by the overseers of the poor cannot now be used in this connection, because the place of birth of the recipients of out-door relief from the overseers is not given at the present time. From 1864 to 1872, however, the number of cases relieved by the overseers was published by place of birth of recipients, and is of interest, not only because of the large number included, but because an opportunity is given of comparing the conditions of an earlier period with those of a later. The figures are the totals for the eight years, and the percentages are found by comparing them with the population for 1870. 7334 families were assisted, including 23,354 individuals.

TABLE XX.—PROPORTION OF THE VARIOUS NATIONALITIES
RECEIVING AID FROM THE OVERSEERS FOR THE YEARS
1864-1872.¹

<i>Nationality</i>	<i>No.</i>	<i>Per Cent</i>	<i>Nationality</i>	<i>No.</i>	<i>Per Cent</i>
England and Wales	339	5.56	France-----	13	2.11
Ireland -----	3,154	5.54	Germany-----	108	1.92
Scotland -----	88	4.90	United States ----	3,944	1.87
British America----	481	3.48	Other countries ----	107	----

In the above table the number of the nationalities is, unfortunately, given by families and not by individ-

¹ Compiled from the reports of the overseers of the poor.

uals, so that an allowance must be made for differences in the size of families among the different nationalities. Only those which at that time were most important are given in this table, but the general results for these are the same as in the preceding tables. The English show a somewhat higher percentage than in the preceding table, ranking slightly above the Irish; but it is probable that the Irish families were larger at that time than were those of any other nationality, and consequently if individuals were reported they would rank far ahead of the English. The general fact, however, that natives of the British Isles rank ahead of other nationalities is shown in this table as in those preceding. The Germans and the French show a very small percentage, although probably the German families included more individuals than the French.

A final set of figures concerning persons who are on the border line between paupers and criminals are those from the Wayfarer's Lodge, the city institution which provides lodging and breakfast in exchange for work. These figures are of no great significance. It is probable that many individuals find their way several times during the year to this institution, and the number who claim Boston as their home is not known. Comparing the averages for 1894, 1895, and 1896 with the males of the various nationalities in the city for 1895, the order is as follows:—

TABLE XXI.—PROPORTIONS OF THE VARIOUS NATIONALITIES
RECEIVED AT THE WAYFARER'S LODGE FOR THE AVERAGE OF THE YEARS 1894-95-96.¹

¹ Compiled from the reports of the overseers of the poor.

<i>Nationality</i>	<i>No.</i>	<i>Per Cent</i>	<i>Nationality</i>	<i>No.</i>	<i>Per Cent</i>
Scotland	968	32.28	United States.....	12,458	7.97
England	2,046	29.82	Other countries --	1,571	4.81
Ireland	7,761	25.52			
British America ---	1,248	11.29	Total	26,052	9.20

The Scotch are far ahead of other nationalities, and the percentage of the English and of the Irish is much larger than that for the total. The number of the Italians and of the Jews is so small as not to be given under a separate head. Although this is only one of many headquarters for tramps in the city, and by no means a popular one, owing to the work required of the lodgers, a sufficiently large number of cases are included to make it a rough index of the nationalities among the "hobo" fraternity.

An analysis of the causes of poverty was made some years ago by Professor Amos G. Warner from statistics gathered from a number of cities. Table XXII, taken from his book on charities, is of some assistance in throwing light upon that difficult question, although the nationalities selected do not represent Boston's popula-

TABLE XXII.—CAUSES OF POVERTY BY SELECTED NATIONALITIES.

<i>Causes</i>	<i>American</i>		<i>Colored</i>		<i>German</i>		<i>Irish</i>		<i>Total</i>	
	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>
Employment	137	21.35	24	17.39	12	20.33	107	16.41	414	19.95
Sickness-----	163	25.38	63	45.65	14	23.72	151	23.15	543	26.16
Drink-----	141	21.96	11	7.97	9	15.25	217	33.28	475	22.89
Shiftlessness	48	7.47	6	4.34	9	15.25	29	4.44	142	6.84
Inefficiency }										
Other-----	153		34		15		149		501	
Total----	642	30.93	138	6.65	59	2.84	652	31.42	2,075	

tion. The relative importance of the various causes of poverty differs in different cities. For the total number Boston shows a larger percentage under the heads of "drink" and "sickness" and a much smaller percentage for "matters of employment." The difference is probably due to the greater number of Irish in Boston's population. Among the Americans sickness is the chief cause of poverty, and "drink" and "matters of employment" come next in about the same proportions.

¹ Warner, *American charities*, pp. 49-50.

As compared with the percentage for the total, however, cases due to sickness and drink are slightly below the average, and those due to matters of employment and inefficiency slightly above it. Among the Negroes sickness is responsible for nearly half the cases, by far the largest percentage of any group due to this cause. A much larger percentage of the Negroes of Boston come under this head than is the case in the other cities given. Matters of employment are also above the average, but all the other causes are below the average for the whole number. Only a small number of cases are given for the Germans, but it should be noted that drink is a comparatively unimportant cause of poverty. Shiftlessness and inefficiency take a more important place with them than it does with other nationalities—contrary to the recognized qualities of the race. With the Irish drink is much the most important factor, and with them alone does it appear as the most important. It includes one-third of the cases. All the other causes are less important than they are in the totals.

According to this table, then, sickness is the most important cause with all but the Irish. Matters of employment is important with all the factors, but especially so with the Americans and the Germans. Drink is an important cause only with the Irish and the Americans. Shiftlessness and inefficiency is not a common cause of poverty with any nationality, but is most common with the Germans.

The foregoing statistics on poverty, although somewhat fragmentary, cannot fail to give some definite results. The tables for the almshouses are the most important, because, besides dealing with the more extreme forms of poverty, the averages are more accurate. A larger proportion of the Irish than of any other nation-

ality come to downright pauperism, and throughout the city probably as large a proportion of them as of any nationality would be found to belong to the class of the very poor, who from one source or another obtain outdoor relief during at least a portion of the year. Many of the Irish paupers are single persons, most frequently women, who come to this country when young, and who for years probably obtain fair employment but make small savings. As time passes employment becomes more difficult to obtain, and, having no one to care for them, these women find their final refuge in the almshouse. Irish families swell the ranks of the city poor for various reasons. It cannot be said that the ordinary Irishman is of a provident disposition; he lives in the present and worries comparatively little about the future. He is not extravagant in any particular way, but is wasteful in every way; it is his nature to drift when he ought to plan and economize. This disposition, combined with an ever-present tendency to drink too much, is liable to result in insecure employment and a small income. And to make matters worse, in families of this kind children are born with reckless regularity. So long as these children are wholly dependent, they are of course a burden upon their parents; but when children arrive at a wage-earning age, large families among the shiftless are better off than small families, because improvident families, if they had no children, would not save the amount which the rearing of the children costs. The high rate of mortality among Irish children, however, makes the economic burden heavier.

Next to the Irish come the Scotch and the English, the Scotch particularly having a large representation in the almshouses. All the figures go to show that we have received from Great Britain a considerable con-

tingent bordering on pauperism, and families in moderate circumstances have been obliged to seek assistance chiefly through misfortune and lack of employment. The British Charitable Society occasionally assists such families to return to their native land.

It would be difficult to give the exact order of pauperism among the other nationalities. The Negroes show a small number of paupers in the city institutions, though a larger proportion are in the state institutions, and a large proportion also get out-door relief. In addition to this, many Negro families not regularly assisted are very poor, women's wages very often determining their standard of living.

So far as almshouse pauperism is concerned, the British Americans and natives of the United States would rank even ahead of the Negroes, but there is less general poverty among them than among almost any other nationality. In the case of the United States, as might be supposed, the proportion of general poverty is less than it is with any of the other nationalities, because the native population includes a larger proportion of persons belonging to the wealthy class. From every population of any size there is sifted out after a time a good-for-nothing element,—a semi-criminal class,—and this class is shown in the native population by the large number of males of Boston birth who have found their way into the almshouses. Nearly all of these, it is true, are of foreign parentage; but a considerable number remain whose parents were born in the United States outside of Boston. This class consists largely of unattached males, some of whom spend their winters in the almshouse and others in penal institutions. They are affiliated with the tramp class noted in Table XXI.

Poverty among the Italians and the Jews is very different from that among the native population. Both these nationalities consist of recent immigrants, among whom hopeless pauperism has not risen. Families who need assistance in one way or another are, however, very numerous. It may be that work fails or is unremunerative and temporary assistance has to be given, or it may be that families distant from relatives and perhaps even from friends have to accept aid from charitable societies in case of sickness or other misfortune.

Among the Portuguese poverty is greater and more hopeless than it is among the Jews or the Italians, although there are no Portuguese in the almshouses. Few of the Portuguese are really well to do, while many are partially dependent because the labor of women, who are often obliged to support the family, is often too unremunerative to ensure their independence. Portuguese women who have shown their low moral sense by rearing a family of fatherless children exhibit their courage and industry by sewing early and late to gain a meagre living for their little ones.

The Germans and Scandinavians may be mentioned last. In the table of the almshouse paupers (Table XVII) as well as in all the other tables of persons receiving assistance—with the exception of the table for the state paupers (Table XVIII), in which the Germans are somewhat above the average—the small numbers of Germans and Scandinavians is noticeable. Occasionally, it is true, idle and shiftless families are found among both these peoples, but on the whole they are industrious and thrifty, and less hopeless poverty is found among them than among almost any of the other foreign immigrants.

It is interesting to compare the amount of dependence

which actually arises among the various nationalities with the condition of the immigrants as they arrive. The law naturally goes on the supposition that immigrants with the smallest resources will be most liable to become a public charge. The southern Italians and Jews, as we have seen, bring the smallest amount of money with them, and with both nationalities a comparatively large percentage is excluded on the ground that they are likely to become a public charge. Yet pauperism has hardly shown itself among either nationality. A considerable number, however, though by no means an exceptionally large number, apply for temporary aid. On the other hand, the English and the Scotch are as a class the most well-to-do of all immigrants, but a large contingent of dependents, both total and partial, are sifted out of both nationalities. The fact, however, that a large percentage of English and Scotch steerage passengers is debarred shows that the two classes of immigrants come from the British Isles, and probably a sufficiently large number of inferior immigrants obtain admission to make up their number of dependents. Irish immigrants have moderate resources and few are debarred, but perhaps on the whole they furnish the largest proportion of dependents of any nationality. Pauperism among the Irish seems to be connected somewhat with the disproportionately large number of female immigrants. This is less noticeable with the British Americans, for their women enter different occupations from the Irish immigrants, and if work fails them, they can more easily return to their homes. The small degree of pauperism among the Germans and Scandinavians shows the effect of their better financial condition.

No closer relationship exists between pauperism and illiteracy, as literacy generally accompanies a better financial condition. Nor does any relationship appear between pauperism and the rate of natural increase. In fact pauperism is in almost the reverse order to the rate of increase of the nationalities. The Germans, Swedes, Russians and Italians are increasing most rapidly. The wholly dependent do not as a class multiply rapidly.

CHAPTER VII

CRIME

We pass now from a study of the dependent classes to that of the delinquent classes. This will be a study of morality from the negative rather than from the positive side, as there is no exact measure of the moral plane of a social group. A basis for the facts may be found in statistics gathered from police reports and from reports of prisons and houses of correction. These statistics are much more complete and satisfactory than those on pauperism because the state reserves to itself the entire authority in dealing with crime, while innumerable societies and private individuals make spasmodic attacks on the problem of poverty, leaving the state to take care of only the uninteresting and the hopeless.

Police reports give the most general information concerning crime. The percentages in Table XXIII are obtained by comparing the averages for the years 1894, 1895, and 1896 with the population for 1895. The table represents the total number of accused persons, and hence the average would represent a smaller degree of crime than would the statistics for the penal institutions. The accuracy of the table is modified somewhat by the

TABLE XXIII.—AVERAGE NUMBER OF ARRESTS BY PLACE OF BIRTH FOR THE YEARS 1894, 1895, 1896.¹

<i>Birthplace</i>	<i>Arrests</i>	<i>Per Cent</i>	<i>Birthplace</i>	<i>Arrests</i>	<i>Per Cent</i>
<i>City (Total)---</i>	44,455	8.9	England-----	1,573	11.8
Portugal -----	45	3.7	Sweden-----	581	11.8
Germany-----	457	4.2	Italy-----	956	12.1
Russia-----	674	5.6	Scotland-----	658	14.0
Poland-----	90	7.3	Ireland-----	11,584	16.2
United States--	22,749	7.1	Norway-----	194	20.1
British America	3,601	8.1	China-----	525	65.1
France-----	115	11.6	Greece-----	348	325.2

¹ Compiled from the police reports.

fact that many of the persons arrested are not residents of the city, but the numbers are sufficiently large to give a good basis for comparison.

The percentage for the total population is 8.9, and those nationalities which have a smaller average than this are the Portuguese, Germans, Russians, Poles, Americans, and British Americans; but only the Portuguese, the Germans, and the Jews have a smaller average than the native population. The Germans and the Jews are law-abiding people, but the small percentage of the Portuguese shows how little trouble they give to the authorities, rather than any high standard of morality on their part.

The French, the English, and the Swedes show about the same percentage of arrests, all being somewhat above the average. The Italians, Scotch, and Irish come next with a somewhat larger percentage. The Norwegians, though few in numbers, have a worse record than the Irish, the arrests amounting to 20 per cent of the total. Even this, however, cannot be compared with the astonishingly large number of arrests among the Chinese and the Greeks. With the former the arrests amount to 65 per cent of the total number, while the figures for the latter show that on the average every Greek in the city is arrested over three times in a year. Although persons familiar with criminal statistics will not be surprised at these figures, a word of explanation is needed. Neither nationality is made up of such abandoned criminals as the figures would seem to indicate, as the criminal records of both cease almost entirely at the police courts. The explanation is simple: the Greeks are nearly all peddlers, and many among them take the risk of peddling without a license, with the result that a wholesale arrest of peddlers takes place

until all have obtained their licenses. In the case of the Chinese the explanation is to be found in their love of gambling. A raid on Chinatown on a Saturday night is of common occurrence. Nearly always some gaming implements and a load of frightened Chinamen are captured. Whether the police are as assiduous in eradicating vice from all sections of the city as they are in prohibiting fan-tan in Chinatown statistical tables do not indicate. If the Chinese should fail habitually in the payment of their fines and have to be sent to the house of correction, the ardor for stamping out gambling in that particular quarter might be somewhat abated.

There are several reasons for using caution in making the number of arrests an index of vice. One of the great problems in the treatment of crime arises from the fact that the agents of the law do not, for one reason or another, bring the law to bear equally on every member of society. Allowance has to be made first for the "personal equation" of officers; all officers do not see crime with the same degree of accuracy, either because of differences in judgment, or because of the action of various external influences. In the second place, the amount of room in penal institutions reacts upon the number of arrests made in the city. If the penal institutions are crowded, the police officers have to be less strict in enforcing the laws. It is also unfortunate that some officers feel obliged to make an arrest once in so often, in order to keep up an appearance of activity. For several reasons, therefore, it will be seen that the law may be unequally applied at different times and in different districts. Yet Table XXIII includes a sufficient number of cases to give a rough index of the comparative number of suspected persons among the different nationalities.

More satisfactory results can be obtained from the statistics in Table XXIV of the inmates of the houses of correction at South Boston and at Deer Island. These figures give the relative amount of lighter offences among the different nationalities. Both males and females are sent to the houses of correction, the most common offences being assault and battery, larceny, drunkenness, idle and disorderly conduct, and vagrancy. The population of the house of correction at Deer Island is not given for 1895 by place of birth. The first statistics which can be obtained for both institutions are in 1897, and these are given in the table. The figures for a single year are given, but the percentages are substantially the same as for the average of the two years 1897 and 1898.

TABLE XXIV.—COMMITMENTS TO THE HOUSES OF CORRECTION
FOR THE YEAR 1897, BY PLACE OF BIRTH.¹

<i>Nationality</i>	<i>Number</i>	<i>Per Cent</i>	<i>Nationality</i>	<i>Number</i>	<i>Per Cent</i>
<i>City (Total)</i> -----	11,736	2.36	British America	1,066	2.41
Portugal -----	1	2.08	Sweden -----	135	2.76
Russia -----	32	}.35	Negroes -----	315	2.32
Poland -----	15		England -----	516	3.88
Germany -----	55	.50	Scotland -----	198	4.22
France -----	15	1.52	Norway -----	49	5.09
Italy -----	123	1.55	Ireland -----	3,691	5.15
United States -----	3,716	³ 1.80	Wales -----	21	6.50

Comparing these figures with those for the arrests, a close resemblance may be observed. The numbers for the Germans and the Jews are next to the smallest on this list. For these lighter offenses the French and the Italians have a better record than in the previous table, both being below the average for the city. This forces the British Americans just above the average, although in both cases they come next to the native born. The

¹ Compiled from the reports of the two Boston houses of correction.

² Only one Portuguese was in the house of correction in 1897, though three were committed in 1898.

³ Massachusetts 1.67, other states 2.29.

order for the remainder conforms pretty closely to that in the table for arrests. The English and the Irish show a slightly larger proportion. The Irish have the largest proportion of any of the more important nationalities, and the majority are committed for drunkenness. The Welsh have a larger percentage even than the Irish, and the same thing was true for 1898. The Negroes are separated from the native whites in this table, and show a percentage considerably above the average, although, as will appear later on, this is a small proportion for the Negroes.

In order to get at crimes of a more serious nature it will be necessary to turn to state institutions. For this purpose the state prison, the reformatory for women, and the Massachusetts reformatory have been selected; and the number of persons committed to these institutions for the three years 1894, 1895, and 1896 are given in the following table. The proportions are found by comparing them with the inhabitants of the state rather than with those of the city.

TABLE XXV.—COMMITMENTS TO THE STATE PENAL INSTITUTIONS
FOR THE THREE YEARS 1894, 1895, AND 1896,
BY PLACE OF BIRTH.¹

<i>Nationality</i>	<i>Number</i>	<i>Per Cent</i>	<i>Nationality</i>	<i>Number</i>	<i>Per Cent</i>
<i>State (Total)</i> -----	4,010	.12	Norway-----	5	.16
Portugal-----	5	.03	British America	394	.16
Sweden-----	14	.05	United States---	2,913	.17
Russia-----	26	.09	Scotland-----	47	.19
Germany-----	33	.11	England-----	161	.19
France-----	4	.11	Italy-----	36	.23
			Negroes ² -----	120	.45

¹ Compiled from the reports of the institutions.

² The figures for the Negroes are only approximate. Negroes are not given in the regular reports, and only the commitments to the state prison and the Concord reformatory for 1895 could be obtained. Forty Negroes were committed to these two institutions in 1895, and this is taken as the average for the commitments for the three years. As the few who were committed each year to the women's reformatory are left out of account, this average is doubtless too small rather than too large.

The order of nationalities in this table does not differ greatly from the preceding table, though the changes are significant. The Portuguese, Jews, and Germans have few representatives in either the state or the city institutions; but in this case they are joined by the Swedes, who have almost as small a proportion as the Portuguese. In this table the Irish show only about an average amount of crime, while the Italians are responsible for a larger amount of serious crime than any other nationality excepting the Negroes. The figures for the Negroes, though giving only a rough estimate of the amount of crime among them, are sufficiently accurate to show that a very much greater criminality exists among the Negroes than among any other racial group. The Americans and the British Americans hold a higher relative position in this table than in the preceding tables, the Americans showing the higher percentage of the two. The Scotch and the English, also, have higher relative percentages than in the preceding tables.

By omitting now the figures for the state prison, it is possible to study crime both by place of birth and by parent nativity, thus giving an idea of crime among the

TABLE XXVI.—COMMITMENTS TO THE MASSACHUSETTS REFORMATORY AND THE REFORMATORY FOR WOMEN FOR 1894, 1895, 1896, BY PLACE OF BIRTH AND BY PARENT NATIVITY.

<i>Place of Birth</i>	<i>Number</i>	<i>Per Cent</i>	<i>Parentage</i>	<i>Number</i>	<i>Per Cent</i>
<i>State (Total)...</i>	3,438	.10			
Portugal	2	.02	Portugal	7	.03
Sweden	12	.04	Sweden	15	.04
France	2	.05	Italy	15	.07
Italy	10	.06	Russia and Pol.	26	.08
Russia and Pol.	24	.08	Germany	43	.08
Germany	26	.08	United States..	757	.08
Norway	3	.09	Norway	4	.10
Ireland	290	.11	Scotland	36	.10
British America	346	.13	England	107	.10
United States..	2,515	.15	British Amer..	380	.12
Scotland	42	.17	France	7	.14
England	143	.17	Ireland	1,265	.22

second generation. It happens that the order of nationalities by place of birth for the two institutions in Table XXVI is substantially the same as for the three institutions in the preceding table, with the exception that in omitting the state prison the percentage of Italians is greatly diminished, which shows that the serious crimes among the Italians are committed chiefly by adult males. France also shows a slightly diminished percentage.

What, now, are the significant changes in the order of nationalities when reckoned by parent nativity? The Portuguese, Swedes, Italians, Jews, and Germans still show small proportions of crime. The significant change lies in the marked increase of the Irish both in absolute and in relative numbers. In absolute numbers the increase was from 290 to 1265, and the relative position changed from the eighth to the twelfth place. The increased numbers were drawn from the Americans, the Scotch, and the English, all of whom show a smaller number of criminals reckoned by parent nativity than by place of birth. This leaves the proportion of crime for the Americans below the average, and that for the Scotch and English is relatively reduced. The increase in the percentage of the French is also considerable, but their small numbers make them less important. It should be noted that the British Americans show an increase in crime by parent nativity over that by place of birth, notwithstanding the fact that the increase in the Irish might be expected to draw upon them as well as the other English-speaking people. Consequently the British Americans have a higher percentage than the Scotch and the English.

A rough analysis of the forms of crime most prevalent among the various nationalities can be made for men in the state prison and for women in the reformatory for

women. The percentages are based on the number of commitments for three years, 1894, 1895, and 1896. Crimes are divided into three classes : crimes against the person, crimes against property, and crimes against public order ; and they are arranged in a descending scale of seriousness, crimes against the person being the most serious.

TABLE XXVII.—CLASSIFIED OFFENCES FOR THE STATE PRISON BY PLACE OF BIRTH, 1894, 1895, AND 1896.

<i>Place of Birth</i>	<i>Absolute No.</i>	<i>Per Cent against the Person</i>	<i>Per Cent against Property</i>	<i>Per Cent against Public Order</i>
<i>Total cases</i> ---	572	34.6	52.6	12.8
United States_	398	30.6	57.8	11.5
British Amer._	48	37.5	50.0	12.5
Ireland -----	43	56.0	32.5	11.5
Italy -----	26	76.9	7.7	15.4
England -----	18	16.7	61.1	22.2
Germany -----	7	0.0	85.7	14.3
Scotland -----	5	20.0	40.0	40.0

Of the total number sentenced to the state prison, a few more than one-half were convicted for crimes against property and a few more than one-third for crimes against the person. The Americans and the British Americans do not vary greatly from this average, although the Americans have a somewhat larger proportion against property, and the British Americans a somewhat larger proportion against the person. Of the Americans, natives of Massachusetts show a larger percentage of persons convicted for crimes against the person and a much smaller percentage convicted for crimes against public order than do the natives of other states. Comparatively few Irish are in the state prison, but more than half of them were convicted for crimes against the person. The record of the Italians is worse than this, however, for three-fourths of their number were sentenced for crimes against the person. The numerous assaults in the Italian quarter is all that makes the criminal record

of the Italians large. A smaller proportion were convicted for crimes against property than of any other nationality. On the other hand, the English and the Germans show much smaller proportions convicted for crimes against the person and larger proportions for crimes against property. Eighty-six per cent of the Germans were convicted for crimes against property, and none for crimes against the person. Only one Russian was sentenced to the state prison during the three years under consideration, and he was sentenced for an offense against property. The Scotch show an unusually large percentage of convicts under the head of public order, but the total number of Scotch is too small to draw any conclusion.

The number sentenced to the reformatory for women is larger, and hence the comparisons are more satisfactory. So few women are sentenced for crimes against the person that the first two classes of the previous table are combined; only 10.7 per cent of the whole number

TABLE XXVIII.—CLASSIFIED OFFENSES OF THE INMATES OF THE WOMEN'S REFORMATORY BY PLACE OF BIRTH AND BY PARENT NATIVITY, 1894-96.

<i>Place of Birth</i>	<i>Total Cases</i>	<i>Per Cent ag'st Person and Property</i>	<i>Per Cent against Chastity</i>	<i>Per Cent against Public Order</i>
<i>Total</i> -----	988	10.7	20.0	69.3
United States	581	12.3	22.2	65.5
British Amer.	123	10.6	19.5	69.9
Ireland -----	183	8.8	8.7	83.0
England - - -	57	1.8	17.5	80.7
Scotland ----	21	4.9	33.3	61.8
Germany ----	7	14.2	57.2	28.6
<i>Parent Nativity</i>	<i>Total Cases</i>	<i>Per Cent ag'st Person and Property</i>	<i>Per Cent against Chastity</i>	<i>Per Cent against Public Order</i>
United States	136	22.8	31.6	45.6
British Amer.	91	25.6	29.6	64.8
Ireland -----	443	7.0	12.2	80.8
England ----	34	5.9	17.6	76.5
Scotland ----	15	6.7	33.3	60.0
Germany ----	7	14.2	14.2	71.5
Mixed -----	64	10.0	18.7	71.3

were sentenced for crimes against person or property. A new classification, crimes against chastity, is made, and includes 20 per cent of the total number of convicts. This leaves much the largest proportion, 69.3 per cent, sentenced for crimes against public order. In other words, a larger proportion of the women are convicted for what are technically less serious offences, but what are, nevertheless, just as demoralizing to the social well being. In this case a comparison of the nationalities can be made, reckoned by parent nativity as well as by place of birth.

As in the previous table, the United States and British America show percentages which are similar to the percentages for the total. Those for British America are almost identical, while those for the United States in the first two classes are somewhat larger than the average. Turning to parent nativity the differences are even more marked. The first two classes, comprising the more serious offences, have much larger percentages than are shown by the average. It is a fact that the native stock shows a greater propensity towards sexual immorality than do most of the immigrant races. Women from other parts of the United States who have migrated to Massachusetts show an even larger proportion belonging to this class than do natives of Massachusetts. Prisoners of British American parentage also show a much larger proportion sentenced for crimes of the second class than do most nationalities.

The noticeable thing in the case of the Irish is the large number sentenced for crimes against public order. Drunkenness and disorderly conduct cause the arrest of the majority of the Irish women. A very small proportion are sentenced for the more serious offences, and this is especially noticeable in the crimes against chastity.

This evil is somewhat more common among the second generation, as is evidenced by the figures for the parent nativity; but even here the proportion is much below the average. The proportions for the English are similar to those for the Irish, although a larger number belong to the second class. Very little difference obtains in the case of the parent nativity of the English. The first class is increased somewhat, but it is small in either case. The figures for Scotland are small, but they bear out the reputation of the country, for one-third, a larger proportion even than is the case with the Americans, belongs to the second class. And this proportion is not changed in the case of the parent nativity. As for the Germans, no definite conclusion can be drawn from the small number given in the table. The figures for place of birth make the second class the most important of all, but according to parent nativity it is very small.

The figures given seem to show that the Americans, British Americans, and Scotch are the most addicted to sexual immorality, and other sources of information tend to confirm this conclusion. Whether it is a race characteristic or is simply the result of immediate environment is not evident. Some occupations furnish a larger number of prostitutes than others. Housework and restaurant work furnish the largest. In an investigation made by the Massachusetts bureau of statistics in 1884, 60 out of the 170 prostitutes in Boston were reported as coming directly from housework, table work, or hotel work.¹ Now the nationalities mentioned above enter these occupations, or at least restaurant work, to a considerable extent; and they are the occupations

¹ Report of the Massachusetts bureau of statistics of labor, 1884, p. 124.

which tend to bring girls into the most direct contact with unprincipled men. Furthermore these nationalities most frequently live in lodging houses, and within the privacy of those walls the social evil flourishes. To be sure, in the freer life of the tenements there is not a little irregularity in the relation of the sexes. Innocence is certainly impossible among the children of tenements, and modesty is very often lost. Yet the tenements are homes of families, such as they are, and the family is usually the safeguard against this social evil. One of the many paths leading to unchastity lies in the dreariness of life in a lodging house. Girls whose homes are confined to single rooms must still have companions. Male acquaintances are easily made and are an agreeable relief to the monotony of life. But these girls, away from the influence of former friends, living in the midst of a great city, lose a certain social and moral support which ought normally to surround everyone. The result is sometimes that relationships are entered into that would not be tolerated in a normal environment. The number of prostitutes among shop girls and manufacturing employees is generally conceded to be small, but most girls in those employments live at home. According to the fourth report of the commissioner of labor, out of 1406 working women included in the investigation for Boston, 1109 lived at home.

The tables which have been presented throw considerable light upon the question of crime along racial lines, but a clear understanding of the situation requires that the tables be interpreted by other than statistical evidence. According to the tables the Portuguese might be said to have the least tendency towards criminality of any nationality. They are in truth a law-abiding nationality, but their standard of

morality is exceedingly low. The fact that the Portuguese keep pretty much to themselves makes the influence of their immorality less serious. The idea of family morality among them is almost primitive, resembling that of the Negroes of the South. Not only are elopements made and repaid in kind without involving further complications, but also what anthropologists call "sexual hospitality" is not unknown among the Portuguese. Of course sexual looseness is not a characteristic of all the Portuguese, but it applies to a sufficient number to make it a characteristic of the race. The Portuguese are not free from drunkenness and thieving, but these faults are more carefully concealed among them and fewer arrests result than would be the case with other nationalities. Many of the Portuguese men are idle and thriftless, and some of the women are suspected of having been public women in the Azore Islands from which they come. On the whole the figures for the Portuguese in the foregoing tables are misleading as regards the true moral qualities of that people.

Another nationality with a small criminal record is the Jews. And this is a much truer index of their standard of morality than is the record of the Portuguese. The Mosaic law has been ground into the natures of the Jews for so many years that now they seem by inheritance to possess a certain moral stamina which is little affected by unfavorable surroundings. The Jews do not commit serious assaults; the appropriations which they make of their neighbor's property ordinarily come within the limits of the law, and although they drink, they are not drunken. In fact as a class they are law-abiding, but not all by any means have a high standard of morality. In petty quarrels the Jews are a trial even

to the police. They trail up to the police station to make accusations against each other, with the most liberal offers of "witnesses, witnesses." But they are sent home with the astonishing lesson that the police do not always take business even when it is offered them.

The family life of the Jews is, on the whole, very wholesome. Unchastity among the women is rare, although it is not unknown. Strangely enough, however, desertion by the men is noticeably frequent among the Jews. The desertion of women with helpless infants is one of the causes of extreme want among the Jews. It must be admitted, also, that some of the younger men who are desirous of conforming to the gentile world are no longer living in the spirit of Moses' commands concerning the relation of the sexes. Faults in connection with business dealings which are most commonly considered to be Jewish are not easily touched by the law. In European countries methods of dealing which seem small and underhanded when judged by American standards are by no means confined to Jewish traders. Considering the long persecution of the Jews, which has made them feel that every man's hand is against them, it is not surprising that when a Jew acquires power he may sometimes prove a Shylock. These Jewish qualities need not be dwelt upon, however, because more than justice has been done them by the Gentile imagination. Expressions of gratitude and generosity are by no means lacking among the Jews, but these qualities are shown towards persons whom they trust, and a distinction is made between business and other relations.

The Germans in all the tables given show small percentages of criminals, and they are without doubt one of the most law-abiding nationalities in the city. Although few German women are sentenced to penal institutions,

they would not be counted among the most chaste of the various nationalities. The Jews included in the figures for the Germans may raise the average somewhat, though the gentile Germans might easily be ranked next to the Jews in point of public morality.

The records for the Americans and British Americans show about the same amount of crime, and that amount is not small. The proportion seldom falls much below the average, and it tends to increase with the more serious offences. If the parentage were considered instead of the place of birth, the percentage for the Americans would be considerably below that of the British Americans. It is noticeable that in every case persons born in other parts of the United States have a larger criminal record than those born in Boston. It is easy for loose characters to drift to a large city, and Boston gets a variety of types from the country towns. If the majority invigorate the life of the city, a few social renegades weaken the social structure.

If it were not for the well known serious crimes of the Italians, they might be ranked as one of the more law-abiding of the nationalities. Their record for the less serious offences is below the average, and few Italian women are arrested. The men drink a good deal and gamble for small amounts, but with the Italians drunkenness is much less frequent than with the Irish. Italian women are nearly all virtuous, and the girls are carefully guarded by their parents, for the single men living by themselves cannot be trusted. They enter to a considerable extent into the social immoralities of the North End, and women are not safe from insults on the streets, especially on Saturday nights, when laborers flock into the colony for Sunday recreation. Nevertheless crime would not be great in the North End if it

were not for the quick tempers of the men and their enforced idleness. Most of the Italians are not naturally vicious ; the conditions of their life are responsible for the greater part of their crime. The serious assaults arising from quarrels over cards or from sexual jealousies make the proportion sentenced to state's prison larger than that of any other nationality. Some of the more intelligent of the Italians realize the evil resulting from men who are forced to live away from their families, in crowded quarters, and forced to be idle a large part of the year, many of whom are even industrially superfluous to the welfare of the city.

Crime among the Irish is very different from that among the Italians. With the former misdemeanors are very prevalent, though serious crimes are not so common. Considering the number of arrests and the number of persons committed to the houses of correction, the proportion of Irish criminals is greater than that of any other of the more important nationalities. It is only in state's prison offences that the proportion is not exceptionally high. Not only is there more drunkenness among the Irish than among other nationalities, but drunkenness and crimes resulting directly therefrom constitute a large proportion of the Irish misdemeanors. There is a moral degradation among Irish families as a result of drink which is not found among other nationalities. And this brings with it a kind of immorality not serious in the eyes of the law, yet demoralizing to family life. For quarrels which are serious affairs, for flashes of anger which mean a knife thrust, one must go to the Italian quarters ; but for tinpan and broom-handle bruises, for nocturnal disturbances of drunken men and women, for the unremitting

bellow of brazen voices, there is no place like an Irish street. When one sees a man rolled down stairs by his wife and mother-in-law, armed with a tin dish and a rolling pin, the air thick with dust and expletives, we know that his name is Pat. Disturbances of this kind are atoned for, if at all, by a light fine or a short sentence in the house of correction. As the latter is not taken very seriously, however, it does not cause the culprit to lose caste with his associates; and its deterrent effect is, therefore, rather doubtful. The return of one of these wanderers who has been "taking a vacation at the sea-shore" is simply the occasion for another celebration. Misdemeanors of this kind are not confined to the male sex; women as well as men drink and quarrel and are sentenced to the reformatories in large numbers for offences against public order. Considering all offences combined, however, no larger proportion of Irish women is arrested than of women of other nationalities, because Irish women are particularly free from offences against chastity. Irish women of the second generation are not, however, to the same extent free from these offences; and when parent nativity is considered, the number of women arrested is far in excess of other nationalities.

Accurate statistics for crime among the Negroes could be obtained only for the houses of correction, and consequently a less exact estimate of the amount of crime among them can be made. The proportionate number of Negroes in the houses of correction is above the average, and the proportion for serious crimes is even higher. The proportion of Negro convicts for the state as given in the census of 1895 is .76 per cent, as compared with 23 per cent for the whites. The Italians with .44 per cent show the highest percentage of any nationality. This corresponds to the approximate number already given in

Table XXV for the state institutions. Mr. Work in his study of crime among the Negroes in Chicago¹ finds that with the exception of the Chinese, the Greeks, and the Mexicans, the number of Negro arrests is from two to eighteen times as great as it is among the various foreign groups. And in all the penal institutions a disproportionately large number of inmates were found to be Negroes. In Massachusetts the record for the state institutions shows a somewhat similar situation. Thieving and robbery are common vices among the Negroes, and their numerous quarrels sometimes end in serious assaults. They have a great fondness for gambling, and some of their club rooms in the South End, where whites and Negroes mingle, have been frequently raided by the police. The Negroes in general reveal the faults of an immature race, and in some ways they show the evil effects of slave conditions. These conditions are probably partly responsible for the looseness of the sexual relation among them. This evil is doubtless as extensive among the Negroes themselves as it is among other peoples, but the mixing of races makes it much more serious. The ordinary idea of irregularity between these races is that white men find mistresses among the colored women, but the relationships between colored men and white women is probably even more extensive. The chief desire of many colored men when they come North seems to be to obtain a white mistress, and some earn high enough wages to have two or three. Besides these peculiar forms of immorality, prostitution runs its course in the Negro quarters as it does in other districts. And in no part of the city are there more open solicitations or greater loss of self-respect among women than

¹ *American Journal of Sociology*, September, 1900.

in some of the poorer Negro streets. The evil extends openly into the very precincts of family life.

Turning to the Scotch and the English, we find an unexpectedly large number of criminals. Both these nationalities are above the average in all the preceding tables, and in the most serious offences they show almost the highest proportions of all. Although not a few of these criminals are evidently of Irish parentage, even with these deducted there is still a high percentage. In the more serious offences the English show a higher rate than the Scotch. The high percentages of both in these cases is due partly to the large number of women criminals, for no other nationality show so large a proportion of women criminals as do the Scotch and the English.

A large number of Scandinavians also are arrested for petty offences, but these nationalities seem to be very free from the more serious crimes. In almost every case, however, the Norwegians show much less desirable qualities than the Swedes. Immorality among some of the less important nationalities like the Greeks, the Chinese, and the Welsh cannot fairly be estimated from the exceptionally large figures which appear in a single table. Aside from peculiar legal transactions already mentioned, which are by no means so serious in their effects as some forms of immorality, these nationalities are very law-abiding.

It will now be interesting to compare the amount of crime among the various ethnic factors with some of their other characteristics. The relationship between crime and illiteracy is often noted, the method usually being to show the large number of illiterates among the criminals. Such a method obviously does not show any causal relationship. The fact is that both crime and illit-

eracy are effects of the same causes. A glance at the table for illiteracy will suffice to show that there is little connection, in Boston at least, between the amount of crime and the amount of illiteracy among the ethnic groups. The Italians are among the most illiterate of all, and there is also a great deal of serious crime among them, though comparatively little of the less serious. On the other hand, the English and the Scotch have a large amount of serious criminality, though their standard of literacy is high. The Portuguese are comparatively law-abiding, though they, as well as the Negroes and the Irish, show a serious lack of æsthetic morality; but the difference in literacy in these cases is very great. The Germans are very generally literate, and are also comparatively law-abiding. The Jews, on the other hand, though they are much less literate are just as law-abiding.

In certain places there seems to be a connection between the distribution of sexes and crime. In the case of the Italians the large excess of single men is one of the chief causes of serious offences, and increases greatly the minor misdemeanors. In the case of the British Americans, also, a large excess of women is accompanied by a large amount of immorality, although the excess of the Irish women does not have the same result, and immorality among the Americans cannot be traced directly to excess of females. American women from country districts, however, belong to the same industrial class as do the British Americans, and in the occupations which these two classes enter wages are undoubtedly too low for their social position. It may be said that inability to marry either from economic causes or from inequality of the sexes favors sexual immoralities.

Before leaving this consideration of the various forms of degeneracy, a brief presentation of the defective

classes may be given to supplement the tables for the dependent and delinquent classes. Table XXIX is compiled from statistics gathered by the Massachusetts census for 1895¹ giving the total number of defectives for the state, including persons having acute and chronic diseases, the maimed, lame, bed-ridden, paralytic, epileptic, insane, idiotic, deaf, dumb, deaf and dumb, blind, and those having other physical defects. These classes have been combined in Table XXIX and the percentages given by place of birth and by parent nativity. Of course physical defects, when not congenital, do not necessarily show degeneracy; but the figures include a great variety of defects, and taken altogether would indicate roughly inherited weakness.

TABLE XXIX.—PROPORTIONATE NUMBER OF DEFECTIVES AND OF INSANE IN THE STATE BY PLACE OF BIRTH AND BY PARENT NATIVITY, 1895.

<i>Place of Birth</i>				<i>Parent Nativity</i>			
<i>Defect-ives</i>	<i>Per Cent</i>	<i>Insane</i>	<i>Per Cent</i>	<i>Defect-ives</i>	<i>Per Cent</i>	<i>Insane</i>	<i>Per Cent</i>
Irish.....	3.94	Irish.....	.71	Mass.....	3.12	Irish.....	.40
Other sts..	2.84	French....	.46	Other sts..	2.73	Negroes ..	.33
French....	2.24	Germans..	.35	Negroes ..	2.16	Mass.....	.26
Negroes ..	2.16	Negroes ..	.33	Irish.....	2.11	French....	.26
Mass.....	2.09	Other sts..	.28	French....	1.74	Scotch....	.205
Scotch....	1.91	English....	.27	English....	1.73	German ..	.204
English ..	1.89	Mass.....	.25	Scotch....	1.72	English....	.203
German ..	1.85	Scotch....	.20	German ..	1.37	Other sts..	.18
Norwegian	1.29	Norwegian	.19	Brit. Amer.	1.11	Brit. Amer.	.10
Brit. Amer.	1.04	Brit. Amer.	.17	Italians---	.54	Italians ..	.05
Swedish ..	.98	Swedish ..	.15				
Portuguese	.97	Portuguese	.14				
Italians ...	.66	Rus. & Pol.	.11				
Rus. & Pol.	.48	Italians ...	.09				

It might be supposed that a larger proportion of defectives would be found in a stationary population than in a migratory one; but two foreign nationalities, the Irish and the French, show larger percentages than natives of Massachusetts, and Americans who have migrated to

¹ Vol. III, pt. 3.

Massachusetts from other states show a larger percentage than natives of Massachusetts. The Negroes have a slightly larger percentage of defectives than the native white population. Aside from the Irish and French above mentioned, the Scotch and the English have the largest proportions of the foreign born, while the Italians and the Jews have the smallest. The Portuguese, Swedes, and British Americans have relatively small numbers among the defectives. The order of nationalities for the insane alone is about the same as that for all the defectives together, except that the Americans show a smaller and the Germans a larger comparative number.

Estimated according to parent nativity, natives of Massachusetts head the list, and the Irish and the French fall below the native population, showing that the second generation of these nationalities have fewer defectives than the native stock. With the insane alone, however, the Irish again come to the front, showing that insanity is exceptionally prevalent with the second as well as with the first generation of the Irish. Americans from other states fall well to the foot of the list. A large proportion of defectives for natives of Massachusetts is to be expected, and the proportion for the natives of other states seems to be raised on account of the large number of defectives from adjacent states who come to Boston for medical treatment. This is shown by the class of defectives among the natives from other states. The number having chronic diseases is especially large, as is also the number of the blind, and both these classes come chiefly from the New England states. In addition to the blind who would of their own accord come to Boston for treatment or for support, some states have special arrangements for sending their blind to the Perkins Institute to be educated. For such

classes as the epileptic, the insane, and the idiotic, who would be cared for ordinarily by their native states, the proportion for other states is not large. Small percentages for the British Americans and Italians might be expected, as pioneer and temporary immigrants would naturally be of good physique.

In comparing the various forms of degeneracy, an evident parallelism exists in the extent of the dependent, delinquent, and defective classes, and also in the rate of mortality. The Irish exemplify this parallelism in a remarkable degree. A racial weakness is shown, first, by an exceptionally high death rate, and secondly, by a large amount of pauperism and excess of misdemeanors resulting from a lack of stamina. To these failings may be added a larger proportion of defectives, especially of insane, than in any other group.

The Negroes probably have a larger dependent class than any other ethnic group, though the evidence in the case of pauperism is not so striking. The semi-dependent class among the Negroes is large; and although this might easily be attributed to other causes than degeneracy, the evidence from mortality and that from the delinquent and defective classes is overwhelming proof of the weakness of the Negro race.

That a considerable number of degenerates exists among the English and Scotch is evident from the criminal and pauper statistics. And although the death rate of these nationalities is not so significant, it is higher than that of most of the foreign nationalities. The proportion of defectives also is in most cases among the largest of any of the foreign groups.

The Germans and the Jews, on the other hand, show their racial vigor by their low rate of mortality and also by the small numbers of their paupers and

criminals. The Germans, however, have a large proportion of defectives, especially of the insane, but the Jews are as free from insanity as they are from crime.

The Americans and the British Americans hold a position about midway between the two extremes in all these characteristics excepting in the number of defectives. For reasons already given the number of defectives is comparatively large for the native population and small for the British Americans.

The Italians are responsible for a considerable amount of serious crime which shows the existence of individual anti-social tendencies, but the form of delinquency which indicates racial degeneracy has developed very little thus far. They have not as yet a large class of dependents and defectives. The high rate of infant mortality among the Italians, however, indicates small physical stability; and there is every reason to believe that the Italians, if allowed to continue their present mode of life, will develop a large number of delinquents and dependents and will form extensive permanent slums.

CHAPTER VIII

NATURALIZATION

From these personal characteristics of the various ethnic groups we pass to an inquiry concerning their assimilative tendencies. Under the head of naturalization I wish to say something, first, concerning the tendency of foreign nationalities to become American citizens, and secondly, concerning the exercise of the franchise. Although any foreigner can become naturalized after five years' residence, he can exercise the franchise in Massachusetts only provided he can read and write the English language. Naturalization and the use of the franchise in the United States do not necessarily signify a great amount of patriotism, and yet they are rough indications of the possibility of citizenship and the desire for it. To show the relative tendencies of the various nationalities to become naturalized, Table XXX has been prepared, showing the proportions of the most important nationalities who are not aliens. In 1900 those who had taken out their first papers were in-

TABLE XXX.—PROPORTIONATE NUMBER OF NATURALIZED FOREIGNERS BY PLACE OF BIRTH FOR 1885 AND 1900.

1885		1900	
<i>Nationality</i>	<i>Per Cent</i>	<i>Nationality</i>	<i>Per Cent</i>
Holland	68.57	Germany	85.20
Ireland	67.07	Holland	83.69
Germany	66.84	Ireland	83.22
Switzerland	62.50	Scotland	78.14
England	54.55	Switzerland	76.47
France	53.88	England	75.05
Scotland	50.30	Sweden	72.49
Canada (English)	46.91	Norway	72.17
Russia and Poland	46.30	France	71.93
Sweden	39.71	Austria	66.04
Canada (French)	39.33	Canada (English)	65.38
Norway	37.50	Russia and Poland	58.61
Austria	34.39	Canada (French)	57.67
Portugal	20.30	Portugal	50.26
Italy	16.48	Italy	36.41

cluded with the naturalized. This is one reason for the larger percentages throughout the column for 1900 as compared with those for 1885. The percentages are obtained by dividing the number of naturalized males by the total number of males of voting age.

Considering first the column for 1900, it will be seen that the Germans head the list and that the Dutch and the Irish are not far behind. The Scotch, Swiss, English, Scandinavians, and French all have moderately large proportions, while the more recently immigrating nationalities, excepting the Swedes, have the smallest proportions. Italy has much the smallest proportion of all. The chief differences between this order and that for 1885 are that in 1885 the Scandinavians were to be found with the other recently immigrating nationalities, and that in 1885 the Germans ranked slightly below the Dutch and the Irish, and the Scotch were below the French. The same group of nationalities heads the list in both cases. Of the more important nationalities it may be said that the Germans rank ahead of the English-speaking nationalities, who rank second, the Irish being well to the front and the Canadians being considerably below the British. The Scandinavians, at least within recent years, have tended to equal the British in the proportions of persons naturalized. Of the recent immigrants, the Jews make a much better showing than the Italians, who rank far below any other nationality.

Turning now to the question of the franchise itself, Table XXXI shows the proportion of voters for 1885 and 1896. The periods are only roughly comparable. In the column for 1885 the legal voters are given as reported in the nineteenth annual report of the Massachusetts bureau of labor, and the percentages are ob-

tained by dividing these figures by the number of males of the different nationalities as given in the census of 1885. Since similar figures have not been issued by the bureau for the year 1895, use has been made of the names on the voting lists for the year 1896, according to the reports of the board of election commissioners. These would include not all the legal voters but only those who took the trouble to register, and consequently this list indicates not merely the naturalization but the active interest taken in political life. The percentages are found by dividing the registered voters by the number of males as reported in the census for 1895.

TABLE XXXI.—RATIOS OF VOTERS TO MALES FOR 1895 AND 1896.

<i>Nationality</i>	<i>1885¹</i>		<i>Nationality</i>	<i>1896²</i>	
	<i>Legal Voters</i>	<i>Per Ct of Males</i>		<i>Registered Voters</i>	<i>Per Ct of Males</i>
Holland	119	64.3	Ireland	14,787	48.6
Ireland	17,295	60.2	Germany	2,444	45.6
Germany	2,820	58.4	Switzerland	83	45.6
Switzerland	82	56.5	Holland	105	44.1
France	189	44.8	Norway	228	41.9
England	2,147	40.7	Austria	252	41.8
Scotland	691	40.1	England	2,550	37.1
British America ..	4,003	32.8	Scotland	871	35.3
Norway	79	31.8	Sweden	751	33.5
Sweden	311	31.4	British America ..	5,470	29.5
Russia	260	31.2	Russia	1,635	26.0
Austria	61	27.6	France	128	24.9
Portugal	85	16.1	Portugal	80	13.5
Italy	130	9.2	Italy	495	10.4

Considering the figures for 1896, it will be seen that of the more important nationalities the Irish and the Germans are far ahead in the interest which they take in political life. The English, Scotch, Swedes, and British Americans have a moderately large number of voters. The more recent immigrants show thus far a small percentage of voters, although there are many

¹ Compiled from the nineteenth annual report of the Massachusetts bureau of statistics of labor.

² Compiled from the report of the board of election commissioners for 1896.

more among the Russian Jews than among the Portuguese and the Italians. Comparing this table with that for 1885, it will be seen that the chief changes are with the less important nationalities. In 1885 the Dutch had a larger percentage than any other nationality, while the French had a much larger percentage than they have at the present time. The Scandinavians and the Austrians, on the other hand, have made gains since 1885 in the numbers of their voters. And the Italians, although still at the foot of the list, show a larger percentage of citizens than in 1885.

These tables are presented because they represent the actual condition of affairs. But as five years' residence in this country and a knowledge of the English language are required for citizenship, it is evident that these tables are unfair towards the recent immigrants if conclusions are to be drawn from them as to the relative tendency of the different nationalities to exercise the franchise. A comparison between the voters in the city at any given time and the number of males in the city five years previous would be fairer to all nationalities. Accordingly an estimate¹ has been made of the number of males in the city in 1891 for each nationality. This is given in the second column of Table XXXII, and the proportions which the voters of 1896 bear to these numbers are given in the fifth column.

The order of nationalities in Table XXXII differs from that in the previous table less than might be ex-

¹The figures for the Russians and the Italians are taken from the tenement house census of Boston for 1891, as the figures seem to indicate that practically all the Russians and Italians lived in rented tenements. The estimate for the other nationalities is not very exact, as males were not given in the census for 1890 by place of birth. An estimate is made, therefore, on the supposition that the proportion of males to the total population was the same for 1890 as for 1895. This would not be far out of the way for the nationalities estimated.

TABLE XXXII.—VOTERS BY PLACE OF BIRTH, ALLOWING FOR FIVE YEARS' RESIDENCE.

<i>Nationality</i>	<i>Per Cent of Males, 1895</i>	<i>No. of Males, 1891</i>	<i>No. of Voters, 1896</i>	<i>Per Cent of Voters 1896 of Males 1891</i>
Holland-----	54.09	204	105	51.47
Ireland-----	42.48	30,360	14,787	48.75
Germany-----	53.18	5,568	2,644	47.48
Norway-----	56.60	498	228	45.78
Sweden-----	45.97	1,697	751	44.25
Switzerland----	51.70	212	83	39.15
England-----	51.95	6,925	2,550	36.82
Scotland-----	52.53	2,380	871	36.60
British Amer.---	41.33	16,164	5,470	33.84
France-----	52.18	468	128	27.35
Portugal-----	48.80	3,466	80	17.16
Italy-----	60.07	3,700	495	13.37

pected. The changes to be noted are those for the Dutch, the Swedes, and the Russians. The Dutch here hold first place, having a much larger percentage than the Irish. The Russians and Swedes, who were increasing rapidly between 1890 and 1895, show a considerably larger percentage of voters according to this method of calculation, the Russians particularly showing a large difference. Here both rank ahead of the English and the Scotch. The Italians, who were increasing at the same time nearly as rapidly as the Jews, although they show a somewhat higher percentage in this table, do not leave their position at the foot of the list. The Swiss and the English show smaller percentages in this table than in the preceding one, as the numbers of both these nationalities decreased somewhat between 1890 and 1895. The Swiss show a relative decrease also, falling from third to sixth on the list. The order in the last half of the table is the same as that in the preceding table.

In so far as the actual possibilities for active citizenship are to be considered, the second qualification for the franchise—literacy as regards English—need not be

discussed. The nationalities, to be sure, do not start on an equal basis in this matter. The Englishman is qualified at the start, while the Portuguese is not, and possibly can never attain the qualification. Although the Portuguese perhaps cannot be blamed for this lack and may make just as good a citizen in every other respect, still, in so far as it is desirable to have citizens who possess the necessary qualifications, ignorance of English is an objection. In drawing comparisons allowance should evidently be made for the qualification of a specified period of residence, as this is a mere question of time. It may be objected that a knowledge of the English language is also a question of time, and should be treated in the same way as the time qualification. This is true with regard to a speaking knowledge of the language, but for a reading and writing knowledge, such as the law requires, it is true only to a limited extent. An adult immigrant who is illiterate as regards his own language will almost certainly never become literate as to English, and many who have a slight knowledge of their own language will never learn to read and write English. Those who are better educated and wish to learn English will require some time to do it. In most cases, however, the five years allowed in the previous table for residence would be sufficient to enable the immigrants to acquire a knowledge of English. The above table, therefore, is a fair presentation of the relative tendencies of the various nationalities to become active citizens.

It would be interesting, however, to ascertain the proportion of persons possessing the qualifications for the franchise who actually become voters, as that would show more fairly the real interest shown by foreigners in political life. To bring out this point illiterates as

well as those who have been in this country less than five years should be deducted. The actual number of illiterate males in the several nationalities of Boston is not known, but there are two ways of calculating their numbers approximately, both of which will be used. The first method, used in Table XXXIII, is based on the percentage of illiterates among the total immigrants to this country as given in the immigration reports for 1900 and 1901. The first column corresponds to the percentage of illiterates given in Table V, at the beginning of this paper. The second column gives the number of males for 1891 with those deducted who were illiterate as to their own language, and the last column gives the percentage which this number is of the voters of 1896. This table is evidently in favor of the English-speaking immigrants, as not all non-English speaking foreigners who are literate as to their own language will learn English even after five years.

TABLE XXXIII.—VOTERS BY PLACE OF BIRTH, ALLOWING FOR FIVE YEARS' RESIDENCE AND FOR ILLITERACY.

<i>Nation- ality</i>	<i>Per Cent of Illiterates</i>	<i>Estimated Literate Males, 1891</i>	<i>Registered Voters, 1896</i>	<i>Per Cent of Voters 1896 of Literate Males, 1891</i>
Holland	6.48	191	105	54.97
Ireland	3.12	29,413	14,787	50.23
Germany	3.98	5,346	2,644	49.45
Hebrew	17.80	3,543	1,635	46.14
Scandinavia .....	.62	2,181	979	44.84
England	1.63	6,812	2,550	37.43
Scotland	1.35	2,348	871	37.09
Portugal	46.19	251	80	31.87
France	3.49	452	128	28.32
Italy	43.15	2,103	495	23.53

The difference in the order of nationalities between this table and the preceding one is slight. Notwithstanding the large percentages deducted for Italy and Portugal, the position of nationalities is essentially the same as in the preceding table, where no allowance was

made for illiteracy. Norway and Sweden have been combined in this table, and British America and Switzerland have been omitted. The only difference in order between this table and the previous one is that Portugal is now above instead of below France, and the Jews are ahead of the Scandinavians. The deduction of total illiterates is therefore of no special significance.

The second method of deducting illiterates is of more interest, as it includes all persons illiterate as to English. In the nineteenth report of the Massachusetts bureau of labor¹ the illiterate aliens for the state are given by place of birth. The percentage of illiterates to total males is calculated for 1885 and applied to the males for 1891, giving the rough estimate of the literate males for 1891 shown in the second column. The percentage of literate males of 1891 who became voters in 1896 is given in the last column. It will be noticed that the percentage of illiterates among the English-speaking immigrants was not the same in 1885 as it is among the immigrants at the present time,

TABLE XXXIV.—VOTERS BY PLACE OF BIRTH, ALLOWING FOR FIVE YEARS' RESIDENCE AND FOR ILLITERACY AS TO ENGLISH.

<i>Nationality</i>	<i>Per Cent of Illiterate Males in State, 1885</i>	<i>Estimated Literate Males, 1891</i>	<i>Per Cent of Literate Males, 1891, Voters in 1896</i>
Sweden	29.54	1,196	62.03
Norway	20.76	395	57.72
Germany	15.97	4,678	56.52
Russia	32.06	2,929	55.82
Ireland	12.17	26,665	55.45
Holland	5.43	193	54.40
Switzerland	10.92	189	43.91
England	2.02	6,786	37.57
Scotland	1.04	2,355	36.98
Portugal	52.49	222	36.03
British America	3.19	15,649	34.95
France	17.26	388	32.98
Italy	57.85	1,560	31.73

¹ Nineteenth annual report of the Massachusetts bureau of statistics of labor, p. 216.

although the test of 1885 is more applicable to present voters than is the standard of recent immigrants.

This method of making illiteracy as to English the basis of comparison brings out a few significant changes, the most important of which are the large gains for Sweden, Norway, Germany, and Russia, which rank them above Ireland and Holland. British America takes a lower rank in this table than it did in the preceding table. The Portuguese, French, and Italians continue their small proportions of voters.

It must not be supposed that the percentages in the last table show the simple individual tendencies of immigrants to interest themselves in political life; the game of politics is not so simple. Nor is the interest of all naturalized immigrants exercising the franchise of the same intensity or even of the same kind; the franchise is used from a variety of motives. The Irish and the Germans on the whole make as good a showing in politics as any nationality. They lead all others in the absolute number of naturalized voters as well as in the proportionate number; and when allowances are made for legal requirements they show high, though not the highest, proportions. The Germans, however, lead in politics to a much less extent than the Irish. They use the franchise with apparent interest and intelligence, for they do not vote as a unit. Very few Germans, however, hold city appointments, and they do not seem to work for them. The Irish, on the other hand, are the great political organizers, and the rank and file of the Irish voters are the most easily organized of all nationalities. People work together when they ardently desire the same end. The politically organized Irish hope for some material recognition of services, and in fact the number of voters of Irish descent holding some

municipal position is equalled only by the number of unsatisfied aspirants for such positions. The desirable prizes range all the way from administrative offices to the driving of carts, and the possessor of any of them holds a social position distinctly superior to that of his comrade. The Irish are political organizers of other nationalities beside their own. Their most friendly intercourse with the more recently immigrating nationalities is brought about through political interest.

Though the Scandinavians cannot muster a very large number of voters, their relative position is high, as they are among the most intelligent immigrants. When allowance is made for those who have not learned the English language, the Scandinavians rank ahead of all other nationalities. English-speaking immigrants show a smaller interest in politics than might be expected, considering the similarity in institutions. At best they show only a medium sized percentage of voters; and when allowance is made for the illiteracy of non-English speaking immigrants, the relative strength of the English-speaking vote is still less. The proportion of British Americans entering into politics is smaller than that of the British, a result probably largely due to the less permanent character of that immigration. Among all English subjects excepting the Irish there is very commonly a strong dislike to giving up allegiance to the mother country. It seems to them like a descent in the political scale. Similarity of institutions between the two countries causes unwelcome comparisons which are not thought of between countries possessing dissimilar institutions.

Of the more recently immigrating nationalities, the Russian Jews make an excellent showing. If allowance is made for their illiteracy and for the short period of

their residence, the Jews rank among the leaders. This is one of the ways in which the Jews may conform without scruples of conscience, and they enjoy taking advantage of it. The progress of the Jews in this line is largely due to their own efforts. Non-partisan educational clubs are formed in which the duties of free citizenship are taught and the desirability of naturalization is urged upon all, much to the disgust of some of the local politicians, who see no object in naturalizing a man unless you can use him afterwards. Though the Jews take a good deal of interest in politics their idea of the end to be gained is narrow. Immediate business interests determine to a great extent their voting. They are forever demanding city ordinances granting this or that concession to their business interests, and their votes are cast for the candidate who promises to secure them. It is an indirect way of selling their votes to the highest bidder. The Jews are not wedded to any party or faction, and the handling of their vote is a strain on the sagacity of even an Irish politician. Voting independently even for selfish interests is, however, an advance over blind loyalty to a selfish leader. Voting for the general welfare is a position to which few naturalized voters can attain.

The Italians without doubt take the least interest in politics of any nationality. They are at the foot of the list by every mode of calculation. Even after deducting more than half of the total number of males on the single ground of illiteracy, they still show the smallest percentage of voters. Migration of single men helps to break up organized political work among the Italians, but the chief reason is that the Italians themselves have developed little interest in politics, and Irish politicians have no great influence over them. There are three

or four Italian political leaders in Boston, and one man of Italian parentage is a member of the city council. The leaders give the general direction to the Italian votes, the average Italian voter having little understanding of what he is doing. In national politics the Italians are apt to vote the Republican ticket, because, it is said, the word republican signifies something very dear to the Italian heart. This feeling may be best expressed in the words of a New York Italian: "There are two kinds of people that rule here, Republicans and Democrats. I went to a Republican meeting and the man said that the Republicans want a republic and the Democrats are against it. He said that Democrats are for a king whose name is Bryan and who is an Irishman. There are some good Irishmen; but many of them insult Italians. They call us 'dagoes.' So I will be a Republican. I like this country now and I don't see why we should have a king. Garibaldi didn't want a king, and he was the greatest man that ever lived."¹ In local matters, however, the situation at the North End of Boston requires him to vote for one or another leader in the Democratic party. Within the last few years naturalization has gone on rapidly among the Italians, and it is possible that they would now make a somewhat better relative showing than in 1896.

The Portuguese, owing to their long residence in the city, are somewhat more eligible for registration than the Italians; but owing to the small number of voters they have attracted little attention from political leaders. The Portuguese political sagacity is not above that of the Italian. The Negroes might also be mentioned here as showing a low stage of political development.

¹Rocco Coresca, The biography of a boot-black, *Independent*, December 4, 1902.

Negroes do not organize readily, and individually they are not interested in politics. Consequently they do not work as a unit. If they could work together for a definite end it would increase their solidarity and raise their social standing. As it is, however, poor political material escapes use through lack of efficient leadership.

The figures show that northern Europeans enter politics much more freely than southern Europeans. It is possible that previous ideas of individual freedom and former political training help to strengthen political activity in this country, although the record of the Russians and the Germans, as against those of the British and the British Americans, seems to show that previous training has comparatively little influence in the matter. General intelligence seems to be a much more potent factor, though in addition to this it should be remembered that the formation of definite groups with common interests, though hindering social assimilation, increases the possibility of political manipulation. Of two nationalities of the same intelligence, the one which forms the more isolated group can be the better directed. Probably the dispersion of the British and the British Americans is one thing that makes their political activity less important. The political activity of an unassimilated group may therefore be greater than that of one in a more advanced state of assimilation, though the activity of the latter is more normal. Of those groups which are only slightly assimilated, it is fortunate that the least intelligent have the smallest influence in political life.

CHAPTER IX

INTERMARRIAGE

We come now to the final important inquiry in the question of assimilation of races—that of the intermixture of nationalities. Only through the intermingling of the various types can there be formed a homogeneous type which will make a definite step in progress. As isolation is the one condition under which a variation may be so preserved as to form a new type, so free association, which makes imitation possible, obliterates differences and tends to form a homogeneous whole. This homogeneity, or “social solidarity,” is necessary before any real benefit can be derived either from the increase in numbers which immigration gives to the mass of the population or from the useful qualities which foreign peoples may bring us. Variations are desirable, but they will spread only so far as the population is sufficiently homogeneous to imitate them. So long as a nationality remains a compact body isolated from others and unable to communicate with them, its attachment to the social body is merely mechanical and not organic. It influences our social life much as a foreign nation influences it. Individuals, it is true, may profit financially by the presence of cheap foreign laborers; but the permanent benefit to society lies in the assimilation of each ethnic element so that various dissimilar traits and characters will come into contact. And though at first the strongest will seem to survive, there is good reason to believe that in a growing society like our own in the long run the most useful traits will be adopted if they are not too soon destroyed. At any

rate, increased numbers, if united into a compact, healthy society, will bring greater probabilities of future progress.

To measure the assimilation of social factors and the resulting degree of homogeneity is a difficult task. Any estimate must be largely the result of the observation of different tendencies. The best statistical data for association is that of the intermarriage of nationalities. Association may take place where there is little or no intermarriage, but intermarriage signifies the beginning of a social intercourse more permanent than business association is likely to be. The only complete statistics for intermarriage are those which show the number of native born persons having mixed parentage, as given in the census of 1895. This is, of course, only a rough index to intermarriage. It probably includes the majority of marriages, though the number of births resulting from the different marriages would vary. So even with large numbers of births the exact proportion of marriages which have taken place may not be shown. The figures, however, certainly throw considerable light upon the subject.

The accompanying table gives the information in a form permitting a comparison of the nationalities. The first column of the table gives the actual number of births resulting from marriages between the different nationalities; the second column gives the number of nationalities with which marriages have been made; the third column shows the number of persons in the given nationality to each birth of mixed parentage. For example, there were 236 persons born of mixed parentage one of whose parents was Italian, and there were 7,900 Italians in the city. This makes one birth

TABLE XXXV.—PROPORTIONATE NUMBER OF INTERMARRIAGES
AMONG THE VARIOUS NATIONALITIES ACCORDING TO BIRTHS,
1895.

<i>Nationality</i>	<i>Number of Births</i>	<i>Number of Nationalities with whom Intermarried</i>	<i>Persons to Each Birth</i>
Italy -----	236	2	33.47
Russia -----	604	7	19.83
United States -----	39,502	18 ¹	8.01 ²
Sweden -----	748	8	6.54
West Indies -----	47	1	6.13
Portugal -----	204	2	5.95
Poland -----	214	4	5.70
Norway -----	205	3	4.69
Austria -----	248	3	4.69
Denmark -----	189	4	3.08
Ireland -----	25,957	13	2.75
Spain -----	34	1	2.65
British America ---	18,672	7	2.21
Germany -----	5,083	12	2.14
Canada (French) -	918	5	2.00
Switzerland -----	195	2	1.80
Holland -----	327	4	1.34
Great Britain -----	13,901	10	1.32
France -----	995	6	.99

to every 33.47 Italians. It will be seen that there is a steady scale of descent from the more recently immigrating nationalities, the Italians and the Jews, who have intermarried comparatively little, to the French, among whom there are more persons born of mixed parentage than there are of French birth in the city. Of the more important nationalities, the British show the largest amount of association, the Germans next, and then the British Americans and the Irish. The Germans have intermarried with other nationalities to a remarkable extent considering the fact that they speak a foreign tongue; still a part of their intermarriages, as well as those of the Russians and the Poles, may be simply the marriage of Jews born in different countries. The English-speaking nationalities are apt to intermarry

¹ Massachusetts 17, other states 11.

² Massachusetts 9.09, other states 5.58.

more than others because they associate more readily with one another. Difference of language, however, is not always a barrier to marriage. Occasionally a man and woman will marry when neither understands the language of the other.

The number of nationalities with which each racial group has entered into marriage relations is of interest. Americans have intermarried with 18 other nationalities. This does not necessarily mean "old" Americans, for it includes cases in which the second generation of foreigners—that is, natives of foreign parentage—have married foreigners of the same nationality. After the Americans come the Irish, Germans, and British, who have intermarried with 13, 12, and 10 other nationalities respectively. The Italians and Portuguese have each formed alliances with only two other nationalities. The Russians have intermarried with 7 others, although, as has already been said, these are probably for the most part of the Jewish race.

The question of the nationalities with which the greatest number of alliances have been made can be readily seen from the following more elaborate table giving the proportionate number of births resulting from marriages with each of the nationalities with which alliances have been made. The figures are supposed to show those nationalities with which each nationality tends to intermarry most frequently. This, however, is difficult to do with accuracy, owing to the great difference in the size of the groups. It is evident that a very small group could intermarry quite generally with a large group like the Americans or Irish and still show a small percentage of marriages provided the numbers of both groups were considered in the comparison. The

only satisfactory method of estimating the relative amount of intermarriage is to make the smallest nationality in every case the basis. The number of the smallest group evidently forms the limit of intermarriage between any two groups. The table should be read therefore as follows: In the first case given there was one birth from mixed French and German parentage to every 4.2 persons of French birth, the French group being smaller than the German. The small figures, therefore, show the greater tendency towards intermarriage. The following list of nationalities arranged according to size will make it evident at a glance which nationality was used as the base: Massachusetts, Ireland, other states, British America, Great Britain, Russia, Germany, Italy, Sweden, Canada (French), Poland, Portugal, Austria, France. The nationalities are arranged in the order of the relative amount of intermarriage with other nationalities. It will be found that nearly all the nationalities intermarry to a considerable extent with natives of Massachusetts, but intermarriage with natives of other states is a better indication of assimilation with the American stock.

TABLE XXXVI.—PROPORTIONATE NUMBER OF INTERMARRIAGES
AMONG THE VARIOUS NATIONALITIES, ACCORDING TO BIRTHS,
1895, IN DETAIL.¹

¹ Compiled from the Massachusetts state census for 1895.

1.		2.		3.	
<i>France with</i>		<i>Great Britain with</i>		<i>Canada (Fr.) with</i>	
Germany	4.2	Holland	2.8	Massachusetts	6.4
Massachusetts ..	4.2	Massachusetts	4.5	Other states ..	7.3
Ireland	5.2	Ireland	4.5	Ireland	12.3
Other states	7.2	Other states ..	7.1	British Amer.	13.6
Great Britain ..	8.6	British Amer.	8.0	Great Britain ..	24.5
British Amer. ..	13.9	France	8.6	France	54.7
Canada (Fr.) ..	54.7	Canada (Fr.)	24.5		
		Germany	28.4		
		Poland	50.0		
		Sweden	61.9		
		Russia	121.0		

4.		5.		6.	
<i>Germany with</i>		<i>British America with</i>		<i>Ireland with</i>	
Switzerland	2.5	Massachusetts	5.9	Great Britain	4.5
France	4.2	Great Britain	8.0	France	5.2
Massachusetts	5.6	Ireland	9.3	Massachusetts	5.7
Austria	7.5	Other states	10.0	British Amer.	9.3
Holland	9.5	Canada (Fr.)	13.6	Denmark	10.6
Other states	11.1	France	13.9	Holland	11.3
Poland	12.7	Germany	42.7	Canada (Fr.)	12.3
Ireland	19.0	Sweden	113.7	Germany	19.0
Denmark	25.3			Other states	19.2
Great Britain	28.4			Norway	21.8
British Amer.	42.7			Portugal	23.8
Russia	55.3			Sweden	25.4
Sweden	63.5			Italy	131.6
				Russia	428.2
7.		8.		9.	
<i>Austria with</i>		<i>Poland with</i>		<i>Portugal with</i>	
Germany	7.5	Germany	12.7	Massachusetts	8.0
Russia	20.8	Other states	28.4	Ireland	23.8
Massachusetts	25.0	Massachusetts	40.7		
		Great Britain	50.9		
		Russia	58.1		
10.		11.		12.	
<i>Sweden with</i>		<i>Massachusetts with</i>		<i>Other states with</i>	
Norway	10.2	Spain	2.6	Massachusetts	3.0
Other states	13.6	Other states	3.2	West Indies	6.1
Denmark	17.6	France	4.2	Great Britain	7.1
Ireland	25.4	Great Britain	4.5	France	7.2
Massachusetts	27.0	Germany	5.6	Canada (Fr.)	7.3
Great Britain	61.9	Ireland	5.7	British Amer.	10.0
Germany	63.5	British Amer.	5.9	Germany	11.1
British Amer.	113.7	Switzerland	6.2	Sweden	13.6
Russia	212.6	Canada (Fr.)	6.4	Holland	15.7
		Holland	7.3	Ireland	19.2
		Denmark	7.4	Poland	28.4
		Portugal	8.0	Russia	121.0
		Norway	14.3		
		Austria	25.0		
		Sweden	27.0		
		Poland	40.7		
		Italy	44.9		
		Russia	121.0		
13.				14.	
<i>Russia with</i>				<i>Italy with</i>	
Austria	20.8			Massachusetts	44.9
Germany	55.3			Ireland	131.6
Poland	58.1				
Great Britain	121.0				
Massachusetts	121.0				
Other states	121.0				
Sweden	212.6				
Ireland	428.2				

The French have shown the greatest tendency to intermarry, and it has been most commonly with Ger-

mans and with natives of Massachusetts, although they have intermarried with Americans from other states than Massachusetts to a considerable extent, and also with the Irish and the British, and to a less extent with the English and French Canadians. The French have been in this country for a considerable time and are easily assimilated ; they have intermarried to a considerable extent with the older nationalities, but little, if at all, with more recent immigrants.

Though it is well known that the English are exceedingly persistent in assimilating other nationalities, they seem to have shown an unexpected friendliness for the Dutch ; but this large relative proportion represents small actual numbers. After the Dutch come the English-speaking nationalities—Americans, Irish, and British Americans. With non-English speaking nationalities aside from the French the British have formed comparatively few unions. The intermarriage of the English with both Poles and Russians indicates the presence of English Jews.

The French Canadians have intermarried mostly with the Americans ; after that, as might be expected, with the Irish and with the English Canadians, and then to a less extent with the British and the French. The small number of alliances between the French and the French Canadians shows the small attraction between the two peoples, notwithstanding the similarity of tongue.

The Germans have intermarried extensively and with a large number of nationalities ; their unions, however, with the Swiss, with natives of Massachusetts, with the Austrians, and with the Dutch may all show a similarity of race, and their unions with the Russians and the Poles are probably simply Jewish marriages. Never-

theless all these marriages show a tendency to extend the limits of association. The Germans have also married to a considerable extent with Americans outside of Massachusetts and with the Irish, and to a less extent with the Danes, British, British Americans, and Swedes.

The British Americans have followed almost exactly the same lines of association as immigrants from the mother country, except that they have not devoted their hearts to the assimilation of the Dutch.

The extent of Irish association is shown by their intermarriage with the more recently immigrating nationalities and also by intermarriage with a number of minor peoples—French, Danes, Dutch, Norwegians, and Portuguese. Of the more important nationalities, the Irish have intermarried to the greatest extent with the British, with natives of Massachusetts, and with the British Americans; then with the Germans and with the Americans outside of Massachusetts.

To what extent the Austrians and Poles have married outside the Jewish faith cannot be ascertained from the figures. The Germans, Russians, and natives of Massachusetts, with whom the Austrians have formed alliances, may all be Jews. The Poles have intermarried to some extent with Americans from outside of Massachusetts and with the British, but not all the Poles are Jews. The census figures show intermarriage of the Portuguese with only the native born and the Irish, but they have since formed a few unions with the Italians.

The Swedes have naturally intermarried freely with the Norwegians and the Danes, and also to a considerable extent with the Americans and the Irish. A moderate amount of association appears with the British and the

Germans, and an insignificant amount with the British Americans and the Russians.

Americans from outside of Massachusetts have naturally intermarried most freely with the natives of Massachusetts. Then come the West Indian Islanders, showing the intermarriage of the Negro element. Natives of states other than Massachusetts have intermarried to about the same relative degree with the British, French, and French Canadians, and next to them with the British Americans and the Germans. They have formed alliances with the Irish much less extensively, but with the Swedes more extensively than most foreigners.

Intermarriage between natives of Massachusetts and foreign groups is very different from that between other Americans and foreigners. The few marriages between the Spanish and the natives of Massachusetts make their proportion relatively the highest. After them come the marriages with Americans outside of Massachusetts. The rate of intermarriage with the French and Germans and with the English-speaking foreign born is high. The comparatively high rate of marriage with nearly all the foreign born must indicate marriage between the first and second generations of the same foreign group. The amount of intermarriage is smallest with those nationalities most recently immigrating.

The Russians have intermarried freely with nationalities distinctively Jewish—the Austrians, Germans, and Poles—and with the British and the Americans. Some of these marriages, however, as well as the marriages with the Swedes and the Irish doubtless show non-Jewish alliances.

The Italians have thus far formed few unions with persons outside their own race. Aside from the

marriages with natives of Massachusetts, those with the Irish have been most frequent.

Intermarriages of foreign groups depend upon the relative numbers of the sexes in each group as well as upon the amount of association. Men seek wives outside their national group when within it there is a scarcity of women. From the standpoint of a particular nationality immigrating to this country, men marry into other groups much sooner than women; that is, a nationality recently immigrating will begin to form marriage unions with the older nationalities from the initiative of the men of the newer nationality. In the case of five nationalities—the Italians, Poles, Portuguese, Spaniards, and West Indians—only men had married into other groups. No men from other groups had chosen wives out of these five groups; there are no cases in which the women have married into other groups when the men of their group have not made outside marriages. But in the case of the Americans, Irish, and British Americans, many more women than men have married into other groups; and these are the nationalities in which the women greatly exceed the men.

The normal course of the situation in this line seems to be that the older nationalities intermarry most with other groups without much regard to the language of the nationality. The Irish, however, are a slight exception here, as they are the oldest of the foreign groups and have formed fewer outside unions than most of the other older nationalities. As for the particular nationalities with whom alliances are made, the older ones intermarry to the greatest extent with one another, some racial or linguistic attraction being usually evident here; and the newer nationalities begin by forming unions with the older in which the women predominate.

The Jews are an exception to the general rule in that religion is a more powerful factor than race in preventing marriages outside the group. Marriages between Jews and gentiles have become frequent enough so that they are not a shock to the Hebrew religious sense, though they are a sufficient novelty to cause considerable gossip. A Jewish woman seldomly marries a gentile: but occasionally Jewish young men marry gentile women; and in such cases, unless the man has practically abandoned the Jewish faith, the women are considered converts to Judaism.

A color line also is a more than ordinary barrier to intermarriage. Marriages between Negroes and whites are not infrequent, but when they occur it is the Negro man who marries the white woman; very few Negresses are married to white men. It is usually the more progressive Negroes who obtain white wives. When a professional man or a good wage-earner marries a white woman, the marriage may be happy enough in itself; but an undesirable social isolation results, for social intercourse with the whites is very limited, and the educated set of Negroes is small, even if a white woman could feel at home in it.

Marriage not infrequently occurs also between Chinamen and white women, notwithstanding the great social difference between them. Between 1885 and 1892 forty marriages were performed, mostly by justices of the peace, between Chinese or Japanese men and white women.¹ Nearly all the women were Americans; 14 were born in Boston, 21 in the United States outside of Boston, 4 in British America, and 1 in Ireland. Most of them were domestic servants or seamstresses of the type that frequent Chinese or Turkish restaurants. An

¹See report of city registry department for 1893.

occasional report of the escape of one of these white wives seems to indicate that they find permanent life in Chinatown irksome. Such marriages are less common than they were, and they cannot be regarded as any indication of Chinese assimilation.

The social assimilation of the various nationalities through intermarriage does not follow very closely the political assimilation. The causes of the two phenomena are not the same; desire for assimilation may not be the immediate motive for either, but both intermarriage and naturalization of foreigners favor assimilation, and are partial measures of it. The Dutch, Germans, Irish, and Swiss show a considerable tendency to both social and political assimilation. The Italians and Portuguese assimilate slowly in either way. The Jews show considerable tendency towards political assimilation and a small tendency towards social assimilation, while the French assimilate socially with readiness but show little political activity. The English-speaking nationalities assimilate socially with greater readiness than they do politically.

Though a foreign language does not appear to be a great deterrent from intermarriage with another nationality, it is of course a considerable obstacle to the adoption of American life. Though some nationalities learn English much more readily than others, all are for a time kept from reading American newspapers and from entering in other ways into the national thought. Immigrants speaking a foreign tongue are also much more likely to form societies themselves, and these help to preserve the national identity.

One of the strongest forces against complete assimilation is the persistence of the national religion, and difference of language helps to keep up this foreign insti-

tution. Since religious organization offers the greatest resistance to change, the assimilative process has to take place first and the religious institution is modified afterwards. The British Americans and the English are the only nationalities which require no definite national religious organization. Forty-two Roman Catholic churches in the city are Irish organizations, though the audiences are not exclusively Irish, and there is no desire to keep them so. A Scotch Presbyterian church in the city is national to about the same degree as the Irish churches. The Germans have 5 Protestant churches and 1 Catholic church. The Italians have 2 Catholic churches and 1 Protestant mission. The Swedes have 6 Protestant churches and 4 missions. The Norwegians have 2 Protestant churches and 1 mission. The French have 1 Protestant and 1 Catholic church. The Portugese have 1 Catholic church. The Poles have 1 Catholic church. The Danes have 1 church. The Armenians have a chapel for general meetings. The Welsh have occasional services of their own.

Beside these separate Christian churches, the Jews have 21 regular synagogues besides numerous small places of meeting.¹ These differ, however, from the churches above mentioned in being the result of a different religion and not simply the result of differences of race and language; this difference in religion, moreover, is the bulwark of the Jewish separateness. The influence of American environment upon the Jewish religion is shown by the growth of the reformed element, which differs from the orthodox in its interpretation of the Talmud and the importance which it attaches to the interpretation of its laws. Two of the synagogues are

¹ See Boston directory, 1901, p. 3151; and Directory of charities, p. 222, in regard to the churches of the different nationalities.

reformed and are composed largely of the older German element. The more recent Russian immigrants are the most orthodox, yet even among them there is a noticeably growing laxity in the observance of some of the more minute regulations. Unfortunately this change is not a passing from the letter to the spirit of the law, as it has been with the reformed Jews, but is a relaxation of the old religious belief without a substitution of a more modern expression of the truth. Although the conservative tendencies of national religious organizations will sooner or later be overcome if perfect freedom is allowed them, they help greatly at first to preserve national distinctions.

CHAPTER X

CONCLUSION

In making a summary of the characteristics of the various ethnic groups, it is impossible to draw any exact comparisons between those groups. All that can be done is to point out certain desirable and undesirable qualities which immigration has introduced into our social system. These characteristics are given with no idea of making odious racial comparisons, but rather with the idea of showing their importance, not simply to the individuals concerned, but to the whole social body.

Two standards of judgment, or two kinds of qualities, should be kept in mind in considering ethnic values: first, the individual characteristics of the groups, or the value of the nationalities in themselves; secondly, the social values of the group, or their influence on the life of the city. It would be well if these two kinds of characteristics were identical, but this is not always the case. Characteristics of the first kind depend upon the stage of social development which a people has reached; those of the second depend partly upon the similarity of the customs and institutions of the two peoples compared and partly upon the sympathy which the immigrants have for the customs and institutions of the new country which they enter, as both these conditions affect the ease with which the new comers enter into the new social system. I shall present my summary with these two distinctions in view, instead of following the exact order of topics as I have presented them hitherto.

The Irish in their native country have been subject to social conditions exceedingly demoralizing,—perhaps the most demoralizing from which any of our immi-

grants have come,—and their record in this country shows very clearly the effect of these conditions. Permitted upon their arrival in the United States to settle in the crowded slums of the city instead of in country districts such as they had been accustomed to, the natural weaknesses of the Irish were increased rather than diminished, and the benefits which ought to have resulted from a changed environment were very slow in appearing. At the present time, therefore, they show perhaps the largest proportion of socially inferior individuals of any foreign nationality. Under the conditions in which they are living here they do not show great physical vitality. Although frequent instances of superior muscular development or of advanced age in individuals indicate the probable development of a higher physical type in the future, the present high death rate both for the first and second generations shows that the Irish have not that toughness, that power to resist disease, shown by some of the other nationalities. This same physical instability is shown by the exceptionally large number of defectives among them.

Closely allied to physical weakness is the social and moral degeneracy exhibited in a large degree among the Irish in their proportion of defectives and delinquents. While serious crime, to be sure, is not very prevalent among them, minor misdemeanors, especially such as are connected with drunkenness and pauperism, are exceptionally common. Degeneracy among the Irish, therefore, seems to result from a low stage of social development rather than from the possession of anti-social characteristics. In their occupations, also, the Irish show a low grade of development. They gravitate towards unskilled work or the rougher kinds of skilled labor and into such personal and governmental

service as requires little previous training. The Irish have only moderate educational attainments, though present immigrants are much more literate than were former ones. They are bright and quick-witted in their mental processes, but show small powers of attainment through continued application. Their complete conformity in religious matters indicates little creative power or independence of thought. Though it is true that in political life they have developed leaders, even here their real power lies in their solidarity, in the docility of the rank and file, and in the strength of their social instincts, rather than in the strong individualities of the leaders. In these social tendencies lies the strength of the Irish. The Irishman is most effective when he has a circle of strong supporters to applaud his efforts. It is the Irish boys that form street gangs, and the Irish men that respond to the social influences of the saloon. Similar traits are noticeable in the Italians, but in most northern European nationalities, like the Scandinavians and the Germans, they are much less prominent. And in this respect the Irish differ most of all from the English, whose personalities protrude so perceptibly as to repel rather than invite friendly support.

These social characteristics of the Irish make it evident in advance that their assimilative qualities must be superior to their individual qualities. They enter readily into the social system, and make their individual characteristics, whether good or bad, widely felt. Their interest in politics not only perfects the political assimilation of their own people but it extends to more recent immigrants and helps to arouse in them interest in civil affairs. The intermarriage of the Irish with a large number of nationalities also assists in their social

assimilation, because they conform so readily to new customs. Their assimilation has contributed many valuable traits to the American people; the happiness of the Irish disposition has added to the native optimism, their love of pleasure acts as a valuable antidote to Jewish seriousness and business concentration. Then the contribution which the Irish have made to games and sports of all kinds should not be lightly esteemed, although they have not always raised them to a very high plane—base ball, pugilism, and politics being perhaps their favorite sports. As the Irish are the largest and one of the oldest of the foreign groups in Boston, they act as a sort of intermediary between the native population and the later foreign elements. Consequently it is fortunate that they possess the characteristics which make them easily assimilable, though on the other hand our whole social system suffers from their weak personal characteristics.

The various English-speaking immigrants have in the main similar characteristics, but in certain ways they differ from each other and from the native Americans. That two very different classes come from both England and Scotland is evident from the immigration reports and from the records of the two nationalities in the city. The better class of immigrants are fairly well to do, and they make a valuable addition to the industrial world. The less desirable class is indicated by the large number of debarred among the immigrants, and also by the large degenerate class among the English and Scotch of the city. This degenerate class is sufficient to give an excessive proportion both of dependents and of delinquents in the total number. Therefore, while the English and Scotch furnish us with a highly

specialized class of labor, they also give us a class which becomes a heavy burden to the social body.

The British Americans are a less positive element than the English and Scotch. They bring a smaller proportion of undesirable immigrants than do the British, but they fall below the standard of the better class of immigrants from Great Britain. The skill of the British American workmen is below that of the English, and the temporary character of much of their immigration has an unwholesome effect upon laborers who are permanently settled in Boston. In the matter of crime and pauperism the British Americans have a record very similar to that of the native Americans and below that of the English and the Scotch. In the less extreme forms, both of poverty and crime, the British Americans lead the Americans, while in the more extreme forms the Americans are slightly ahead. The British Americans, however, have a very small class of defectives.

As to the incorporation of the English-speaking immigrants into our social system, progress is not so rapid as might be expected, though isolated groups are never formed as they are by the non-English speaking nationalities. The interest which the British and the British Americans take in our political life is small, even when compared with the interest shown by those immigrants who have to learn the English language. They intermarry readily, however, with other groups, at least with the English-speaking groups. The English are perhaps the least readily assimilated of any of the English-speaking nationalities. The English mix but do not assimilate; while associating readily with the native population, they hold tenaciously to their national characteristics. This is noticeable of the English in whatever

country they may visit. It is probably less conspicuous in the United States than in most countries, for the Americans themselves are a bit independent.

The Germans are without doubt the best type of immigrants which has settled in Boston. They form a more homogeneous body of immigrants than do the English. Nearly all have some means when they arrive with which to make a start, and what is more to the point, they have a determined purpose to make homes for themselves. The United States is too far from Germany to attract many who have no special object in life. With the exception of the insane, the degenerate classes among the Germans are very small, and fortunately for the city as a whole the Germans do not form slums in which degenerates are bred. Though German labor is of a high grade, it is not equal to that of the English, and competes less seriously with American labor.

When the Germans first enter upon life in a new country they usually have a strong prejudice against losing their national identity, and consequently they often form isolated groups for the purpose of continuing their existence as a German colony. Notwithstanding their resolves, however, the assimilation of the Germans is as rapid as that of the non-English speaking nationalities. The second generation, if not the first, is thoroughly American. In a large city like Boston, however, isolation is not so great with the Germans as it is with certain of the other nationalities, and the assimilation of the first generation makes rapid progress. The Germans rank among the first in the number of their naturalized voters, and their freedom of association is shown by the number of marriages with other nationalities. Though the Germans keep up their own societies,

newspapers, and churches, the fact that their homes and all their interests are transferred to this country ensures their final assimilation. It is the temporary immigrant that remains a foreigner.

The Scandinavians also are excellent immigrants, though in some respects they are not equal to the Germans. Minor misdemeanors are of common occurrence among them, though serious crimes as well as extreme poverty are comparatively rare. Most of the Scandinavians are such skilled workmen and so industrious that they never lack employment. In nearly all these personal characteristics the Swedes are superior to the Norwegians. Although the Scandinavians have been here too short a time to become assimilated to the same extent as have the older nationalities, they have little tendency to form colonies, and consequently their assimilation will be so much the more rapid. They have not as yet intermarried very extensively with other peoples, but they have formed a few alliances with a considerable number of nationalities, showing a tendency to wide association. And, considering their length of residence, they make a creditable showing in their number of voters.

The position of the Jews differs somewhat from that of the other nationalities, owing to their peculiar history. So far as their physical and moral characteristics are concerned, they are superior to almost every other nationality. Their death rate is remarkably low, and at the same time their birth rate is very high. They have also the smallest number of defectives of any one nationality. Many of the Jews are very poor, but they do not come to absolute pauperism, and their criminal record is exceptionally small. In addition to their strong physical characteristics, most of the Jews have keen in-

telleets. Those who lack a broad intellectual vision show intellectual superiority in craftiness and cunning. These mental characteristics have been exaggerated by the character of their occupations, which were at first doubtless determined largely by necessity, though now they are naturally preferred. Few Jews are in the liberal professions and few enter the harder kinds of manual labor, though the poor Jews are glad to do unskilled work if they can obtain it. Most of the Jews enter some sort of trade or engage in the manufacture of clothing.

In their family relations the Jews show admirable traits. While among other nationalities the family shows signs of instability, with the Jews it retains its old position, though the inferior position of Jewish women detracts somewhat from its excellence. One other characteristic which has been attended with important results is the Jewish feeling of superiority over other peoples. A certain contempt for the outside gentile world has been at the bottom of much of that exasperating conduct that has provoked retaliation and persecution from gentile neighbors. The fact that reaction against the Jews extends beyond the immediate cause oftentimes enables the Jews to pose as the abused parties, when, in reality, their own acts brought on the persecution.

The feeling of racial superiority among the Jews is intimately connected with the general question of their separateness. In the matter of political assimilation the record of the Jews is good, and, if allowance is made for illiteracy, they are to be found among the leading nationalities. So the Jews may be said to take a creditable interest in national life notwithstanding the fact that it is often from selfish business motives. The

actual assimilation of the Jews by intermarriage, however, is comparatively small owing to religious differences. With primitive people tribal exclusiveness and many self-centered activities are often essential for self-preservation, and when this danger of extermination is passed, individual isolation is no longer necessary. With the Jews, however, separateness is given a religious sanction, and consequently has persisted with the persistence of the Jewish religion. The result is that we have the curious spectacle of a people who feel the need of remaining separate from others even while scattered throughout the world. With the Jews this feeling is more than the natural dislike to marry a person of a different religion—it is the desire for race purity. The religion of the Jews separates them not merely in the form of their worship but also in many minor ways, such as food and the observance of a separate Sabbath and of separate holidays.

In matters of a non-religious character the Jews are fairly imitative. It is only their religion and things resulting directly therefrom that isolate them. In fact it may be said that the great objection both to the personal and social characteristics of the Jews is that they are not Christians, and by this I mean that they do not recognize the principle of the brotherhood of man. There may be some grounds for the Jewish belief in their superiority, but in so far as they make it an excuse for distinctions in their obligations they show moral inferiority. Others besides Jews, to be sure, fail to grasp the idea of universal brotherhood, but the cause with them is rather a narrow intellectual view than a matter of principle. The Jews have many excellent traits, but so long as they retain their personal attitude

towards the external world they cannot become a very valuable element in any society. The change in attitude must come from them, for no nation can assimilate an element which consciously holds itself aloof.

Although the Italians have been here too short a time for the complete results of their stay to appear from statistics, certain tendencies are manifest. The Italians are less self-reliant than many nationalities. They learn English slowly and are in general very ignorant. Some have no permanent interests here, and all are trying to save as much money as possible. For these reasons the Italians herd together persistently, and as they are increasing rapidly they are forming objectionable permanent slums. They are now living in the most crowded and unsanitary condition of all the nationalities in Boston. These conditions are aggravated by an excess of unskilled laborers—single men who are idle a large part of the time. The result thus far has been a high rate of infant mortality, an excess of serious crime among the men, and an increase in drunkenness and sexual depravity. In other words, the Italians show the beginnings of a degenerate class, such as has developed fully among the Irish. As they come to us they are not bad material; they are poor and ignorant, but thus far they have developed few paupers or defectives, and few of them belong to the class of petty criminals. They are a simple peasant class who respond readily to their environment; if allowed to continue in unwholesome conditions we may be sure that the next generation will bring forth a large crop of dependents, delinquents, and defectives to fill up our public institutions.

The Italians have thus far made little progress towards assimilation. Ignorance keeps a large number from ex-

exercising the franchise; however, even the better educated take little interest in political life. A few Italian men have married women from neighboring nationalities, but thorough assimilation has been confined to a few whose interests have taken them outside the colony.

The Portuguese are a small element in the population of Boston, and they are not increasing. They have a low standard of morality, although their criminal record is small. They are poor,—many of them very poor,—but they are not paupers. As a class they are ignorant, and most of the workers are unskilled. They have assimilated hardly more than the Italians, either politically or socially. Their tendency to live by themselves, however, makes their influence comparatively unimportant.

Our relation towards the Negroes is somewhat different from that towards the foreign nationalities, as most of them already form a part of the social system, though a few come to us from the West Indian islands. The slave conditions from which the Negroes have so recently come perhaps make a comparison between them and foreign nationalities unfair. A comparison of the Negroes with any foreign group would be to the disadvantage of the Negroes. They have a much larger number of degenerates than any foreign nationality; crime is exceptionally common with them, and it has a hard tinge of viciousness about it, indicating a low moral sense. Even the moral equilibrium of the middle class church-goers is unstable. They relax easily into vulgarity, if not into immorality. In addition to their criminal record the Negroes have a large class of defectives and are very poor, although absolute pauperism is not so great among them as might be expected. Their rate of mortality is

also exceptionally high. Poverty among the Negroes might be explained partially by their necessary racial isolation, but not so their other forms of degeneracy. The Chinese have not these forms of degeneracy, and the isolation of the Jews has tended to increase rather than to weaken their moral stamina. This is because the Jews have a strong racial pride almost entirely lacking with the Negroes. The admirable qualities of the Negroes are to be found in a comparatively small class who, while contending against great odds, are making laudable progress.

No great progress has been made toward the assimilation of the Negroes through race intermixture, and probably such a thing is not at present desirable. Greater political activity, however, might be of advantage to the Negroes themselves. The Negroes are now passing through a period of natural selection. They will need to develop greater solidarity and self-consciousness before taking a prominent place in the social system.

In the discussion of these traits of the various racial groups a word may be said concerning the second generation. The character of our population will of course be influenced greatly by future immigration; as the population now stands the Irish, the Jews, the British Americans, and the Italians are contributing by far the largest part of its growth, although the Jews, Italians, and Swedes are increasing at the most rapid rate. Little can be said concerning the characteristics of the second generation, though in certain ways the second generation of those nationalities which tend to congregate in the slums shows a deterioration over the first. With the Irish the second generation shows an increase of crime, and this holds good even among the women, with

whom unchastity is more prevalent than in the first generation. With the Italians and the Jews the death rate of the second generation is much greater than that of the first, though other forms of degeneracy are not yet noticeable. With other nationalities who are increasing less rapidly and who live in more healthful surroundings the second generation appears to have made an improvement over the first.

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THE
HISTORY OF CONTRACT LABOR
IN THE
HAWAIIAN ISLANDS

BY

KATHARINE COMAN, PH.D.

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PREFACE

This study of contract labor is the result of a recent visit to the Hawaiian Islands. In Honolulu, that most hospitable of cities, the author had opportunity to talk with many of the men who have been directly responsible for the laws under which the industrial possibilities of the islands have been developed and who are now engaged, either as planters or as legislators, in devising a substitute labor system. Whatever there may be of value in this monograph is due directly or indirectly to them. I am especially indebted to ex-Attorney General W. O. Smith for access to the early legislation and to court records; to Chief Justice W. F. Frear and Professor W. D. Alexander, who kindly read this essay in manuscript, for some important corrections; to Judge A. S. Hartwell, Mr. L. A. Thurston, and Mr. W. N. Armstrong for many illuminating suggestions; and to Mr. A. P. C. Griffin of the Congressional Library for courteous assistance in hunting down the printed sources of information. The list of references on the subject of contract labor is as yet very brief. The student of this phase of Hawaiian history may therefore congratulate himself on securing the aid of living authorities so wise and so trustworthy.

KATHARINE COMAN.

Cedar Hill, Waltham, Massachusetts,
May 20, 1903.

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CONTRACT LABOR IN THE HAWAIIAN ISLANDS

The problem of converting a tropical country inhabited by a primitive people to the uses of modern industry has been solved in diverse ways by the Spanish in Cuba and the Philippines, by the Dutch in Java and East Sumatra, by the English in British Guiana and the Straits Settlements, by the Belgians in the Congo Free State. In each case zeal for money profit, for the financial success of the enterprise in question, has been moderated and held in check by concern for the well-being of the land and people in process of exploitation. Of these two contending impulses, the industrial is likely to dominate the men immediately concerned in the business enterprise, while the humanitarian comes to the front in the home country, where advantage in the profits derived is but indirect and where wrong done to the nation's honor and prestige is keenly felt.

The experience of the Americans who undertook to civilize the Hawaiian Islands is peculiar in that they enjoyed seventy-five years of immunity from outside interference. The measures determined upon for the development of the country were their own. There was no colonial office to over-rule the local policy. Every candid observer, however, must concede that there was nothing arbitrary in the methods of the missionaries, the white men who were in the long run most influential in directing the course of legislation in the Sandwich Islands. Although the processes of civilization were never gentler or less destructive of native autonomy, the decay of aboriginal society when brought into contact with an advanced social order was no less

inevitable here than in regions where relations between the aboriginal and the civilized races were less happy. Within the cycle of a hundred years a primitive agricultural community has been transformed into a highly specialized industrial system in which every capacity of land and people is subsidized for the promotion of a single product.

MODERNIZATION OF NATIVE FEUDALISM.

This primitive organization was closely analogous to that which we know as feudal. There was no absolute title to land ; the right to exploit definite tracts was allowed to the chiefs by the king or over-chief. The taro patches were cultivated and all other productive labor was performed by the common people for the benefit of the chief on whose land they dwelt. Like the serfs of mediæval Europe, the common people rendered service in products and in labor. The product service was in swine, dogs, vegetables, fruit, fish-lines and fish-nets, calabashes, *kapas*, and the precious red and yellow feathers from which the cloaks and helmets of state were manufactured. Labor service varied with time and place and gave greater opportunity for extortion. When the trader's demand for sandal-wood began to exhaust the supply, the serfs were forced to penetrate the dense forests of the mountain tops and bring down heavy loads on their bare shoulders. Thousands died of the unaccustomed cold and fatigue.

The regulation of labor service was one of the first reforms attempted by the missionaries. The laws promulgated by Kamehameha III at Lahaina in 1839 limited and defined the labor tax as follows : " During the first week of the month, the people are to work two days for the king and one day for the chief on whose

land they dwell. In the second week of the month, they work one day for the king and two days for the chief. When public work is to be done (the building of roads, bridges, fish-ponds, irrigating-ditches, and the like), the people must work three days in each of the last two weeks of the month until the work be accomplished." Women caring for children were exempt from the labor tax. Money fines were imposed for neglect of service: for each day withheld, fifty cents; for each half day, twenty-five cents; for tardiness, twelve and a half cents. These fines were paid to the king or to the chief who suffered the labor loss. On the other hand, the chief who exceeded the labor requirement set by this law must pay a fine to the king and forfeit for six months his claim to the labor of the serfs so overworked. Fines for failure to perform public works were imposed in the same proportion as for private service. A man might exempt himself from all obligation to personal service by the payment of nine dollars per year, four dollars and fifty cents to the king and four dollars and fifty cents to his chief.

With the distribution of lands in 1848,¹ service tenure was abolished and the people were exempted from the labor service due to king and chief. But a public labor tax of twelve days a year was continued; this might, however, be commuted at fifty cents a day (1850). Thenceforth the taro patches of the chiefs must be cultivated by wage-paid labor. Moreover the presence of

¹ By this memorable act of emancipation Kamehameha III gave the people fee simple title to the lands they were actually cultivating, 28,600 acres, thus creating eleven thousand peasant properties or *kuleanas*. To the chiefs was assigned 1,619,000 acres, and 984,000 acres was reserved as royal demesne. The remaining 1,495,000 acres, mountainous and arid land for the most part, was public property. The arable portions of the public domain were soon after sold to the people at a nominal price.

missionaries and traders created a demand for service that could be met only by a free labor class. As early as 1841 a law was published respecting the hire of labor. "Labor hire as well as other kinds of hire has at the present time become an extensive business. There are persons who obtain their whole living and property by laboring for hire. The law does not condemn that business for it is proper. The law protects it. It would be a sad thing for the community if the law did not give protection to him who labors for hire." This law was enacted by the newly organized legislative body, which, being composed in the main of the large land owners, was naturally concerned for the employer's interest. Its provisions give evidence that the native laborer was not always worthy of his hire. The labor agreement must be faithfully performed by both parties. If the laborer was indolent so that he accomplished little, his wages might be diminished in proportion to the employer's loss. If the work was imperfect or was left incomplete or if the employer should suffer material damage by any fault of the laborer, the laborer's wages might be diminished or entirely withheld according to the loss sustained.

Another new and extra-feudal demand for labor had arisen with the advent of the whaling vessels. Whalers first visited Hawaii in 1820. From that year until 1871, when the business encountered over-whelming loss in the destruction of the major part of the fleet in the ice off Cape Belcher, the stout Yankee ships were accustomed to use the islands as a supply station, stopping both on the outward and homeward cruise. In the roadstead between Lahaina and the island of Lanai as many as one hundred vessels were sometimes anchored. The whalers came in pursuit not of food and water only. The Hawaiians were famous sailors,

and it was customary to take on a crew of brawny kanakas for service in the north seas. By 1846 it was thought advisable to regulate this employment. The act authorizing the enlistment of native sailors provided that application for permission to enlist natives on a foreign vessel must be made to the governor of the island to which they belonged, and that shipping articles must be deposited with him stating the name and nationality of the vessel and the destination, object, and term of service proposed. The master of the vessel must further execute a bond to the amount of one hundred dollars for each man so enlisted as surety for the payment of his personal taxes and for the just fulfilment of the contract. The sailor on his part could give no bond, but the authorities were made responsible for him. "The governors shall have power, after the provisions of the preceding articles are fully complied with, to compel the embarkation of any subjects of these Islands so voluntarily enlisted by a foreign captain, and for that purpose, in case of desertion, he may cause them to be arrested and conveyed on board."¹

Still another labor demand, destined to be far greater and more permanent, developed with the systematic cultivation of sugar. Sugar cane grew luxuriantly on the islands, and a low grade sugar had been manufactured as early as 1823, the cane being crushed between wooden rollers and the juice boiled down in open kettles; but the cultivation of the cane on plantation scale was not undertaken until 1835. In this year a mill was erected at Koloa on Kauai, and the industry was fairly inaugurated. By 1838 twenty-two mills were in operation, the windward side of Hawaii and Maui proving to be as well adapted as Kauai to the culture of

¹ Section VI, law of 1846.

the cane. It was soon demonstrated that the islands afford almost ideal conditions for the growing of sugar—fertile soil, abundant rainfall, and a climate so equable that the cane can be brought to full maturity and the highest percentage of saccharine matter developed. These natural advantages guarantee the Hawaiian sugar planter to-day a yield three or four times as great as that of Cuba or Louisiana. Disadvantages quite as permanent and inevitable are the distance from the world markets and the scarcity of labor.¹

THE LABOR PROBLEM.

The scarcity of labor began to be recognized as a serious handicap to the industrial development of the islands as early as 1850. A law of that year recites: "Whereas, the native population is diminishing" and the "want of labor is severely felt by planters and other agriculturists, the price of provisions being thereby enhanced," and "whereas many natives have emigrated to California and there died in great misery, be it enacted that no native subject of the king may leave these islands without express permission given on proved necessity." The planters soon discovered that the cultivation of sugar on a profitable scale required a very considerable land area and an abundant supply of low grade labor. Every subsequent improvement in the industry, every new application of machinery, has emphasized this dual necessity. Steam-plows, irrigation from pumping stations, hauling of the cane by rail, enhanced capacity of the mill—each effort to reduce cost of production involves an increased

¹ According to W. C. Stubbs, director of the Louisiana agricultural experiment station, the Louisiana average is one and one-half tons of sugar per acre, the Cuban from one to two tons, while the plantations of Hawaii boast an average yield of five tons; but in Hawaii it takes from three to six months longer to mature the crop.

expenditure by way of fixed capital that is justified only by proportionate increase of the area to be cultivated. Moreover the vicissitudes of a sugar crop require that masses of labor be brought to bear without delay at the given time and place. Cane must be cut when it is ripe or the stalks grow dry and woody. Once cut, the cane must be got to the mill within three days or it sours and is unfit for use. Thousands of dollars may be lost by a delay of a few hours.

By 1850 it was becoming painfully evident that the native population would be quite inadequate to meet this labor demand. The Hawaiians were disinclined to the steady, monotonous labor required in the cane-fields; and, moreover, the race was dying out with startling rapidity. Captain Cook's estimate of the population of the islands in 1779 was 400,000. He was probably deceived by the crowds of people who came to the coasts to see the marvelous visitors, the fire-breathing gods. A more conservative estimate rates the population in the discovery epoch at 300,000. The missionaries in 1823 reckoned the population at 142,000. The first census, taken in 1832, enumerated 130,313. A second census taken four years later, returned but 108,579. A third census, taken in 1850, gave the native population 84,165 and the foreign 1962. The native race has continued to decline in numbers, the census of 1900 enumerating but 29,799 Hawaiians and 7857 part Hawaiians in a total population of 154,000.

LEGALIZATION OF CONTRACT LABOR.

The year 1850 marks the initiation of a systematic effort to meet the labor demand of the planters. In that year the legislative assembly legalized two forms

of labor contract hitherto unknown to these islands, ¹ apprenticeship and indentured service. The Act for the Government of Masters and Servants, so far as it concerned apprenticeship, closely resembles that of Massachusetts. It provides that minors may be bound out as apprentices or servants by father, mother, or guardian, or by the governor of the island—boys from ten to twenty years, girls from ten to eighteen years. The contract, which must be signed by both parties, binds the master to teach reading, writing, and, in case of a male, arithmetic, and requires that the recompense to be rendered to the minor at the end of the term be plainly stated. Charges of cruelty or misuseage may be brought against the master by the parents, guardian, or governor, or by the apprentice himself after expiration of his term. In case such a suit is sustained, the apprentice is discharged and the damages recovered become the property of said minor. In case an apprentice departs from service, the justice on complaint of the master shall issue a warrant for his apprehension. The captured apprentice must be returned to his master and is bound to render additional service for double the time of his absence, provided such service does not exceed the year immediately following the original term. The same act provides that a person more than twenty years of age may contract himself to service for a term not exceeding five years. If a laborer so bound wilfully absents himself from service he may be apprehended, restored to his master, and bound to additional service for double the time of absence. If he refuses to serve,

¹ By the Organic Act of 1846 the minister of the interior was authorized to seize vagrants and to apprentice them out for a term of not more than one year; two-thirds of the wages were to be paid the vagrant and one-third was to go to the government. The master was permitted to use coercive force if the vagrant refused to work.

he may be committed to prison and confined at hard labor until he will consent to serve according to contract. A second desertion may be punished by three months at hard labor for the state, in addition to the service due his master.¹ If the master, on the other hand, has been convicted of cruelty, misuse, or violation of contract, he may be fined from five dollars to one hundred dollars, and, in default of payment, be confined at hard labor until the same is paid.

The legislation declaring the terms under which an adult might contract his services for a term of years was an adaptation of the American shipping law. It was probably suggested by the practice of taking service on the whaling ships above alluded to; indeed, engaging for service on a plantation is still termed "shipping" in Hawaii. The analogy with the terms of indentured service in the American colonies is also evident. The bond servant of colonial Virginia, whether working out a penal sentence or making good the cost of his passage, was equally under obligation to serve to the end of his term. An attempt to escape was sharply dealt with. The sheriff summoned the men of the hundred to follow with hue and cry, and the runaway, if captured, was compelled to serve an additional term of double the time of his absence.²

¹ Amendment of 1860.

² "Whereas there are divers loitering runaways, who very often absent themselves from their masters service and sometimes in a long time cannot be found, the loss of their time and the charge of the seeking them, often exceeding the value of their labor: Be it therefore enacted That all runaways shall be liable to make satisfaction by service, after the times by custom or indenture are expired, viz. double their time of service so neglected; and if the time of their Running away was in the Crop, and the charge of recovering them extraordinary, the Court shall adjudg a longer time of service, proportionable to the damage the master shall make appear he hath sustained." Collection of the laws of Virginia, 1662, chap. 102.

That in the thought of the legislators of 1850 the laborer contemplated by the Master and Servants Act was the *kanaka* is made evident in an amendment of 1868, providing that the contract must be printed in both English and Hawaiian. A legal form was provided, with blanks for inserting the names of parties to the contract, the place, the terms, and the wages agreed upon.¹ Hawaiians continued to be employed on the sugar plantations, though in ever decreasing numbers. The number working under labor contracts was 1319 in 1886, 399 in 1896, and 163 in 1899.² A writer in the *Hawaiian Annual* of 1895 declares that "For all round plantation work no imported unskilled laborers have proved their [the *kanakas*'] equal;" but the natives who must work for their living prefer to do so as teamsters and cow-boys or as sailors. Field labor is not to their mind.

The impossibility of supplying the plantations with native labor was clearly foreseen in 1850, and a section was incorporated in the Master and Servants Act to the effect that "all engagements of service contracted in a foreign country to be executed in this" are valid except that "engagements made for a longer period than ten years be reduced to that limit." This is the legal basis of the contract labor system of the Hawaiian Islands.

¹ A specimen contract: By this indenture the owners of Hana Plantation, Island of Maui, of the first part, agree with Kealaula of the second part as follows: 1. I. Kealaula, agree to work faithfully and diligently for said owners of Hana Plantation for the term of eighteen months, from the first day of September, 1874, (each month to consist of 26 days labor) in their service and at such place as they or their agents may assign me to work, not less than ten hours work per day. 2. The owners of Hana Plantation aforesaid agree faithfully to pay to Kealaula the sum of eight dollars (\$8.) for each month of faithful service to the end of the term specified above, and also to provide him with poi, not with meat, until this agreement expires.

² See table B, p. 64.

Under this law, in force from 1850 to 1897, one hundred and fifteen thousand laborers were imported into the Hawaiian Islands, and the resources of the country have been developed to a degree that would have been quite impossible had the planters been restricted to native labor or to voluntary immigration. The history of this labor system, of the attempts made to regulate and control it and to maintain American institutions alongside of it, constitutes a most interesting phase of industrial experience.

CHINESE COOLIES.

The Royal Hawaiian Agricultural Society was founded in 1850 with a view to promoting the interests of the planters along various lines. The labor problem, being to the fore, naturally engaged the first energies of the association. The prospectus sets forth that "The introduction of coolie labor from China to supply the places of the rapidly decreasing native population, is a question that is already agitated among us, and should such a step become necessary, the aid of such an association in accomplishing this object would become of great benefit." Two years later the society engaged Captain Cass of the bark *Thetis* to bring in Chinese laborers under contract as provided for by the Master and Servants Act. The one hundred and eighty coolies imported in 1852 were bound to serve for a term of five years at three dollars per month in addition to passage prepaid and food, clothing, and shelter provided by the planter who had engaged their services. The cost of transportation was fifty dollars per man, and maintenance per man was estimated at five dollars per month. The cost of the labor may therefore be reckoned at about nine dollars a month.

Later in this same year Captain Cass brought in one hundred more Chinese coolies. The experiment was highly satisfactory, and the president of the society in his annual report congratulated the country on securing such "quiet, able, and willing men."

The satisfaction of the laborers was no less, if we may judge from a statement published in the *Chinese Mail*: "The coolies shipped for South America are hired laborers, and according to some accounts, virtually slaves; but we are told that it is otherwise with those sent to the Sandwich Islands. Fortunately that traffic was undertaken by a man of much humanity and good sense; and according to the account that we have received from one who speaks from actual observation, but who has no connection with or interest in the adventures, Captain Cass entered into engagement with the planters of the Sandwich Islands to import Chinese laborers for the sugar plantations,—the planters binding themselves to pay the laborers four dollars a month from the time of their arrival; while cooks, house-servants, and gardeners have been engaged at salaries as high as sixteen dollars,—and as the wages are not promised merely, but paid, and the coolies are well treated, they are not only contented, but have urged their friends at home to join them."

POLYNESIANS.

The importation of aliens was naturally regarded with jealousy by the Hawaiians. In 1852 Kamehameha III undertook to transport the whole population of Pitcairn's Island to the royal estates, hoping thus to secure tenants and cultivators closely allied to the native race in blood and language. This project failed because the English consul refused to allow the deportation of

these islanders unless they came as British subjects. Since this might jeopardize the newly won and much prized independence of the islands, the scheme was abandoned. Kamehameha IV repeatedly urged the importation of Polynesians with a view to recruiting the native stock. There was a strong sentiment in favor of providing, not labor for the planters merely, but men and women of vigorous physique who would marry with the Hawaiians and so replenish the deserted fields. But the prime concern of the planters was to grow sugar-cane. They did not wish to be burdened with women and children. Moreover, it was by no means clear that natives of the South Sea islands were any more inclined to monotonous field labor than were the Hawaiians.¹

The hope of reinvigorating the native stock was not abandoned, however. The fifth Kamehameha came under the influence of a man who, first and last, had much to say concerning the labor problem in the Hawaiian Islands. Walter Murray Gibson, an adventurer of dubious precedents, acquired large estates on the island of Lanai and there conducted a series of immigration experiments. To his mind the problem was primarily a population problem. A permanent labor supply could only be provided by importing a people vigorous and prolific and thus repleting the energies of the exhausted Hawaiian race. Gibson strenuously urged the introduction of Polynesians under the patronage of the state. In 1864 the legislature voted an appropriation of \$36,000 for the transplanting of a considerable number of Polynesians of both sexes. "For their support and employment" the immigrants were to

¹ The first actual experiment was made in 1859 when ten South Sea Islanders were brought over and placed on Koloa plantation as contract laborers.

be bound to service for a given term. The law declared that all such contracts should provide, as far as might be, that the employers should receive as many women as men, and that suitable provision should be made for the support of such women. In 1869 the *Mauna Loa* was sent to the Caroline Islands for the first shipment of Polynesians under government auspices. She brought back eighty men, women, and children, and these were hired out to planters on the island of Oahu, since the government desired to have the experiment under immediate observation. The men were to be paid four dollars per month and the women three dollars in addition to food, clothing, and shelter, and the planter was to pay thirty dollars toward the passage money of each Polynesian in his employ. In a second expedition the *Mauna Loa* secured forty-two men and women from Danger Islands. They were contracted for at a slightly advanced wage; men four dollars and fifty cents, women three dollars and fifty cents.

This altogether praise-worthy undertaking suffered the fate of many another optimistic attempt to improve on the natural order of things. It was denounced as man-stealing, or in facetious phrase "black-birding." In its issue of March 12, 1869, the *New York Tribune* announced: "The coolie trade in the Sandwich Islands has, for sometime past, taken on a development which leaves but little difference between it and the slave trade. It is especially the natives of the small Polynesian Islands who are imported, often entirely against their will, and compelled to work." There is no evidence of any complaint of ill-treatment on the part of these people, but they sickened in the strange environment. They proved quite unsatisfactory as laborers, moreover, and were, in accordance with the agreements

made with them, returned to their homes at the expense of the government. The men who were instrumental in forwarding this immigration scheme should not be judged by rumor as to what was done or left undone on those hazardous cruises in the South Seas, but by their own statements. To the recruiting agent in the South Sea islands the president of the Board of Immigration wrote: "The point upon which I insist is that our honor and good name must be protected, that no means of any kind in any way disreputable be used in obtaining these people." And again, "I make this a condition that you do not trade in rum, guns, or ammunition while gathering these people for us." Captain Jackson of the *Stormbird*, who was sent to Rotumah in 1878, was instructed to "use all fair and just means to induce these people to emigrate to these Islands, and bear in mind we are anxious to have women and children as well as men."

Private recruiting for South Sea islanders was later allowed, but only on condition that the immigrants should be under control of the Board of Immigration and that the following instructions be observed by shipmasters: "1. Vessels must be fitted out with all comforts and supplied with food, water, and medicines sufficient for the number of people that the laws of the Kingdom allow them to carry, and no liquor, guns, or ammunition shall be taken for purposes of trade. 2. All acts in procuring labor shall be honest and above reproach and no deception of any kind used. They shall thoroughly interpret and fully explain to all the people what is expected of them, as well as the kind of labor, pay, and food. 3. To make contracts for not less than three years at five dollars, six dollars, and seven dollars a month for the first, second, and third year re-

spectively, and for women four dollars, five dollars, and six dollars along with food, house, and bed-clothing. Their taxes to be paid by their employers and their wages payable in cash at the end of each month. If they so desire they shall be returned to their homes at the expiration of their contract. 4. To bring as many women as men and the children belonging to the families. To make no contracts with children, and those under fourteen years to go to school free of expense. No work to be done on Sunday and no master to strike a servant." In 1880 Rev. H. Bingham¹ was appointed special inspector for the South Sea islanders. His duties were defined as follows: "To make tours on the several islands of the group where there are South Sea islanders employed, to inspect their general treatment and condition, to report when necessary any violation of the laws, the regulations of the Board or the conditions under which they were engaged, to inspect the quarters, food, and arrangements for medical care and enquire into any complaints that they may have to make, explaining to them their rights and their duties and helping them by advice to obtain redress in case of wrong; to see that their children are given the facilities for education in district schools, and report to the Board such modification of contracts or other arrangements as might to him appear to conduce to the well-being of the people, as also all statistics that he may gather."

STATE REGULATION.

It was the desire to promote immigration, while avoiding the evils of the coolie trade, that suggested the

¹ Mr. Bingham had labored as a missionary for ten years among the Gilbert Islanders, had reduced their language to writing, and translated the Bible and several other books into Gilbertese.

Bureau of Immigration. Kamehameha V. said in an address from the throne in 1867: "Our agricultural enterprises have been urged forward with such energy on every island of the group as to render the importation of laborers necessary. I am of the opinion that the Government is the proper agent to carry out such a measure, and that means ought to be placed at its disposal to undertake it promptly. The wants of our agriculture, the dictates of humanity, and the preservation of our race demand that the government should control this action." In accordance with the King's recommendation, a committee of the Privy Council was constituted the Board of Immigration and instructed to submit "such measures as may be necessary to secure the importation of a sufficient number of foreign laborers to supply the wants of planters and others" and to devise "such regulations as may be deemed expedient, touching the contracts to be made with such laborers, as well as the terms and conditions upon which they are to be assigned after their arrival in this kingdom." The recommendations of the board when approved by the Privy Council were to have the force of laws.

The principle of state regulation once established, an agitation was set on foot for the reform of the labor system, and various amendments to the Master and Servants Act were proposed. In 1872 the reform element secured a majority vote in the legislature, and a thorough revision of the terms of the labor contract resulted. For the protection of parties to contracts authorized by section 1417 of the civil code, a law was passed providing that every contract for service must be acknowledged by both master and servant before an authorized officer of the government. The certificate of acknowledgement should state that after the contract

had been read and explained to the parties, "they severally acknowledged that they understood the same and that they had executed the same voluntarily." An agent or recorder for each district was provided who was directed to cause money advanced to the servant to be paid in his presence and to keep an accurate record of contracts acknowledged before him, "which record shall set forth the names and residence of the parties, the date and term of the contract, the amount of advance paid and the wages stipulated for."

The distinction between contract labor and serf labor had never been ignored. The laborer was not bound to the plantation. The contract established a personal bond and ceased to be operative on the death of the master or in case the plantation changed hands. This principle was several times affirmed by decisions of the Supreme Court.¹ Transfers of contract from one employer to another were not permitted until the convention with Japan (1886). Such transfers, in the case of Japanese laborers and of Chinese under the restrictive law of 1892, were allowed only with the consent of the employer and laborer concerned and with the approval of the Board of Immigration. A laborer might commute any portion of his term of service by making over to his employer the just proportion of the sum advanced for his transportation expenses. The extension of the term of service was now guarded against abuse. "No contract laborer may be compelled to work beyond the term of his contract in liquidation of a debt entered into during such term." Any contract stipulations to this effect were de-

¹ 1887. *J. Nott vs. Kanahele*. "This is a personal contract and the laborer is not bound to the land as a serf."

1889. *C. Afong vs. Kale*. An application for release from contract on the ground that the laborer had been made to work on a schooner instead of on a sugar plantation was not allowed.

clared void. "In all cases when any person under contract to serve another shall be sentenced by any court to make to his master satisfaction for loss of time by desertion by working for a period of time beyond that contracted for, he shall be paid his wages for such extra time worked at the rate stipulated for in the contract." By an amendment of 1882, the extension of the labor term as punishment for desertion was prohibited. The recovered servant might be compelled to serve to the end of his original term and no more. A contract laborer escaping from service might be fined five dollars for the first offense and ten dollars for each subsequent offense, and in default of payment should be confined at hard labor until fine and costs were paid. When he had met the prescribed penalty he was to be restored to his master to serve for the remainder of his original term.

In case of ill-usage the servant might secure redress from the courts as under the laws of colonial Virginia.¹ "If any master shall be guilty of any cruelty, misusage or violation of any of the terms of the contract, toward

¹ "Whereas the Barbarous usage of some Servants by cruel Masters, brings so much Scandal and Infamy to the Country in general, that people who would willingly adventure themselves hither, are through fear thereof diverted, and by that means the supplies of particular men, and the well seating of his Majestie's Country very much obstructed: Be it therefore enacted, That every Master shall provide for his Servants competent Diet, Clothing and Lodging, and that he shall not exceed the bounds of moderation, in correcting them beyond the merit of their offenses; and that it shall be lawful for any Servant, giving notice to their Masters, having just cause of complaint against them, for harsh and bad usage, or else for want of Diet and convenient Necessaries; to repair to the next Commissioner to make his or their Complaint; and if the said Commissioner shall find by just proof that the said Servants' cause of Complaint is just, the said Commissioner is hereby required to give order for the Warning of such Master to the next County Court, where the matter in difference shall be determined, and the Servant have remedy for his grievance." Collection of the laws of Virginia, 1662, Chap. 103.

any person bound to service under the 1417th or 1418th sections (of the Civil Code), such person may make complaint to any District or Police Justice, who shall summon the parties before him, examine into, hear and determine the complaint and in all such examinations the complainant shall be a competent witness; and if the complaint shall be sustained, such person shall be discharged from all obligations of service and the master shall be fined in a sum not less than \$5, nor more than \$100, and in default of the payment thereof be imprisoned at hard labor till the sum is paid.”¹

A law of 1876 prescribed that in all contracts where the length of a day's labor was not specified, nine hours should constitute a working day. The laborer was entitled to extra compensation for work in excess of such time. A law of 1884 further guarded the laborer's interests: “Whereas laborers serving under written contracts are sometimes oppressed through having their wages excessively reduced for lost time, every laborer serving under written contract shall be entitled to his full pay under the contract, according to the time he has worked, and no master shall deduct from the wages of any such laborer for lost time, more than the amount of money representing such lost time.”

A law of 1880 fixed a sanitary standard for plantation “camps.” A tenement for contract laborers must be built eighteen inches from the ground, must have a water-tight roof, and must provide three hundred cubic feet of air space for each adult lodger and three hundred for every two children; the house must be kept in good

¹ Ruling of the Supreme Court, 1853. *The King vs. in re Greenwell*: “The whipping of servants or laborers is not justifiable under the laws of this Kingdom. A master may correct his apprentice with due moderation.”

repair and white-washed frequently; the yard must be well-drained and free from rubbish; a cess-pool must be provided for every six adults. The penalty for non-compliance with any one of these requirements was fifty dollars. The officers of the board of health were to have free access to the laborers' quarters.

The Board of Immigration had full power to direct the course of immigration and to determine from what source the "foreign laborers" should be derived. By the king's ordinance of 1865, private persons were prohibited from introducing bound laborers into the kingdom without the express license of the Board of Immigration.¹ Heavy penalties were imposed for evasion of this prohibition. Planters were fined \$800 and ship-masters \$100 for each offense.

The immigration system so regulated compares favorably with the coolie trade in its best estate as practised in British Guiana under the Consolidated Immigration Ordinances of 1864 and 1891. The work of the Bureau of Immigration in prescribing the number of laborers to be imported, the countries from which they might be drawn, the vessels in which they might be carried, the accommodations that must be afforded them at sea and in port, the terms of the contracts to be made with them, and the living and working conditions on the plantations to which they were assigned, is closely analogous to that of the immigration agent general of British Guiana and his staff of deputies, clerks, and physicians. The Bureau of Immigration sent inspectors on a circuit of the planta-

¹ A law of 1894 reenacted in 1897 declared contracts made with laborers antecedent to their arrival in Hawaii null and void "unless such contracts shall have received the written approval of the Board of Immigration."

tions four times a year to make sure that the laborers' dwellings were kept up to the required sanitary standard and that sufficient medical care was provided. The inspectors were further empowered to investigate all complaints, to settle disputes wherever possible, and to arrange for commutations and transfers of service. Biennial reports were made to the legislative assembly (printed 1882-1899) in which the policy of the Board was set forth and recommendations for improving upon the immigration system submitted. After 1886 a detailed report on the sixty odd plantations was incorporated, stating the number and nationality of laborers and the sanitary conditions for each, and reporting breaches of the law, maltreatment of laborers, etc.¹ It is worthy of remark that the provisions for the well-being of the laborer which were imposed upon the planters and the government of Guiana by parliament and the colonial office were adopted by a representative legislature in Hawaii in the interest of the public good.

There are three points of advantage in favor of the Indian coolie. First, the system of recruiting in India is under the supervision of the protector of immigrants in Calcutta. The Bureau of Immigration maintained an authorized recruiting agent at Madeira, at Hongkong, and at Yokohama and specified the vessels and steamship lines by which immigrants might be transported. It could not in the nature of things go further. Second, the wages of the laborers transported to British Guiana were not fixed in advance, and the indenture when made out at Georgetown bound the coolie to serve a

¹ *E. g.*, in the report for 1897, there is an account of a riot which had occurred on Lihue plantation, Kauai. The inspector investigated, the head *luna* was discharged, and the manager reprimanded and told that he would be held to strict account for the better treatment of his laborers in future.

given master for five years without stipulated wages. The law provided that the remuneration of the coolie might not be less than that of the free laborer and that the task assigned him might not be heavier. The practice of leaving the compensation of the imported laborer to be determined by the conditions of the free labor market threw upon him the responsibility of determining his wage-rate—a responsibility to which he, a stranger and a bondsman, was hardly adequate. The legal minimum was fixed at a shilling a day for five days work a week. The average earnings of a good workman were estimated at two shillings. The earnings of the Portuguese contract laborer who in 1877 was guaranteed by the Board of Immigration¹ ten dollars a month with fuel, lodging, and food were considerably better. Third, the Hindoo coolie who, at the end of his five years, reindentured for a second five year term was given a bounty of fifty dollars, amounting to the cost of return passage. The laborer was more valuable in his second term than in the first because he had become thoroughly acclimatized, familiar with plantation life, and a skilled workman. The Hawaiian government offered no such inducement, but the laborers not unfrequently reëngaged for a second and even a third term, steady employment at advanced wages proving a sufficient inducement. Experienced laborers, whether free or under contract, commanded higher wages.

In the report of 1888–1890 the Board of Immigration estimated plantation wages as follows:—

	<i>Contract Laborers</i>	<i>Free Laborers</i>
Hawaiian -----	\$18.58 per month.	\$20.64 per month.
Portuguese -----	19.53 “	22.25 “
Japanese -----	15.58 “	18.84 “
Chinese -----	17.61 “	17.47 “
South Sea Islander _	15.81 “	18.56 “

¹ Edward Jenkins, *The Coolie, his rights and wrongs.* 1871.

The figures show a higher average wage in case of the free laborer, but the majority of contract laborers were serving for the first term or were inferior men who could find employment only under contract and at low wages.

EXPERIMENTS OF THE BOARD OF IMMIGRATION.

Any impartial study of the proceedings of the Board will disclose a persistent and sustained effort to secure immigrants who would be desirable not only as laborers but as citizens. The initial attempt to bring in natives of the South Sea islands, men and women, has already been recited. The hope of thus renewing the aboriginal race was not abandoned, though the people thus introduced were for the most part discouraging material both as laborers and as citizens. As late as 1883 a shipment of thirty South Sea islanders is recorded. In the twenty years from 1865 to 1885, 2448 Polynesians were brought into the Hawaiian Islands. A bare six hundred remain, only forty-six being plantation laborers. Plans were early set on foot for inducing free immigration from the Azores, the Canary, and the Cape Verde Islands. The impoverished state of these Portuguese settlements, after the failure of their vineyards, gave reason to hope that the superfluous population might be drawn to a land where demand for labor was in excess of supply; but it soon became evident that the Portuguese would not undertake the long journey to an unknown country without artificial stimulus. Reverting to the Orient, the Board in 1865 commissioned Dr. Hillebrand, a man of scientific attainments,¹ to make a tour of China, Japan, Malaysia, and India with a view to studying the labor possibilities of these over-populated regions and

¹ Author of *The Flora of the Hawaiian Islands*.

making recommendations that might serve as a basis for a systematic scheme of immigration.

But the theories and aspirations of the Board and of such doctrinaires as Gibson were continually held in check by the incessant demand of the planters for an immediate supply of laborers. Again and again the exigencies of the sugar crop proved a more potent argument than any hypothesis as to the ultimate good of the state. The immediate necessity could best be met by the importation of Chinese coolies. The immigration table, [pp. 63,] shows conclusively that the stream of Chinese immigration received no perceptible check from the establishment of the Board. Ten years earlier Prince Liholiho, in an address before the Hawaiian Agricultural Society, had put the matter in a nut-shell: "Chinese have been introduced here, and more are on their way hither.¹ With all their faults and a considerable disposition to hang themselves, they have been found very useful. Suffice it to say that some of our largest sugar and coffee plantations are now chiefly dependent upon them for the principal amount of labor done. That they might be better than they are ought not to be used as an argument against them. That they are procurable, that they have been procured, that their wages are reasonable, that you can calculate on retaining them for a certain term, that the climate suits them and that they are handy in the house and in the fields are great facts. Excepting what relates to these coolies, all that bears upon the subject of imported labor, is just theory and speculation."

Forced to fall back upon China, the Board of Immigration directed its attention to improving the conditions

¹Seven hundred Chinese coolies were brought into the Hawaiian Islands between 1852 and 1864.

of the coolie trade and to securing a class of immigrants that might prove less harmful to the social interests of the islands. Dr. Hillebrand's first step was to arrange for the transportation of five hundred Chinese laborers. Reliable recruiting agents were selected, and Rev. Mr. Lobscheid, formerly a missionary in Hongkong, was made responsible for the physical well-being of the immigrants. Twenty-five per cent of the people were to be women, and they were shipped in two commodious vessels as a precaution against disease.¹ The horrors of the coolie trade as carried on by the Portuguese at Macao called forth a vigorous denunciation from the good Doctor.

The Chinese were entirely satisfactory as laborers, but they were regarded with little favor by the Hawaiians and by the artisan class who did not look upon the sugar industry as the corner-stone of the state. Their vigorous protests induced the Board to try another experiment. Negotiations were opened through the Hawaiian consul in Japan for the introduction of

¹ The cost of importing one of these laborers was as follows:—

Recruiting, lodging in Hongkong, two suits clothes, provision for voyage-----	\$25
Passage money-----	12
Commission-----	4
Board expenses-----	10
Bonus paid to men-----	8
Bonus paid to women-----	20

The expenses of transportation (\$59) were met by the planter who engaged the laborer's services, but all except the bonus and the Board expenses were treated as an advance and deducted from wages month by month. Thus the final cost of this labor was less than that of the Chinese first imported, but even so there was no difficulty in securing men. With wages at \$4 per month and \$2 as a New Year's gift, the coolie earned in three years \$150 in addition to the bonus of \$8. After having made good the advance payment (\$41) he would have received \$119. Since all living expenses, food, shelter, fuel, and clothing were provided him, the bulk of this sum was clear gain.

laborers from that kingdom. The Japanese government furthered the project, and in 1868 one hundred and forty-eight immigrants were secured. They were under contract for three years' service at four dollars per month for men and three dollars per month for women. Two Japanese head-men were provided for each gang of twenty-five laborers, and were paid one dollar per month additional. A head-man for the whole company was paid \$150 a year, with living expenses, for his services as interpreter and mediator. All complaints were to be laid before the Board and there adjudicated. The system of fines for minor offenses, in vogue on some plantations, was abolished so far as these laborers were concerned. All costs of transportation were met by the employers, and food, lodging, and medicine were to be provided free. The experiment might have been a permanent success but for misunderstandings due to the ignorance of the interpreters. The Japanese government, becoming alarmed for the safety of the people, sent a commission of inquiry to Hawaii. The commissioners reported, "We have everywhere found our countrymen well cared for and kindly treated by their employers." Notwithstanding, the Japanese authorities refused, for the time being, to consider any further propositions for immigration under labor contract.

THE PORTUGUESE.

The reformed immigration system was hardly in full operation when the Reciprocity Treaty with the United States gave a marked stimulus to sugar culture¹ and produced an even more insistent demand for labor. To meet this emergency, the Board commissioned Dr. Hillebrand, then residing in the Azores, to arrange for the

¹ See Table C, p. 65.

transportation of Portuguese laborers. The terms offered in the contracts of 1877 were most generous.¹ Passage money was to be prepaid and refunded to the planter only in case the laborer withdrew from his contract before the expiration of the three years' term, and then in proportion to the amount of service unperformed. Employment was guaranteed by the Board at the rate of \$10 for men, \$6 to \$8 for women, with food, lodging, and medical attendance provided. A day's ration was to consist of one pound of beef or one-half pound of fish, fresh or salt as might be best obtained, one and one-half pounds of rice, one-half pound of taro or other vegetable, one-third ounce of tea. Garden ground was to be

¹ Labor contract of 1885: "This agreement, entered into between Augusto da Silva Moreira and Hoffnung, agent of the Board of Immigration, Witnesseth:—That whereas the party of the second part is desirous of emigrating to the Hawaiian Islands, there to be employed as an agricultural laborer, under the direction of the Board of Immigration: Now, therefore, in consideration of a passage to the Hawaiian Islands on board the steamship *Hansa* and a further undertaking by the party of the first part that the said Board of Immigration will pay or cause to be paid, to the party of the second part, wages at the rate of \$9 per month, with board and lodging for himself and children under twelve years of age, for each and every month of 26 days' service faithfully performed during the existence of this agreement (a day's service to be ten hours in the field and twelve hours in the sugar-house); such wages to be paid at the end of each calendar month, reckoning from the date of the commencement of such service after arrival at Honolulu,—and in consideration of a further undertaking on the part of the party of the first part to secure the party of the second part full protection under the Hawaiian law, as fully as the same is enjoyed by the native born subjects of the kingdom, and likewise in case of sickness that he shall be supplied with proper medical attendance and that the said children shall be properly instructed in the native schools, the said party of the second part will duly and faithfully perform such lawful and proper labor as he may be directed to perform under the auspices of the said Board of Immigration for the term of three years, counting from the day on which he shall commence such service after arrival in the kingdom of Hawaii, it being always understood that the contracted party shall not work on Sundays or on any holiday recognized by the government, and that his services shall not be transferred without his consent."

supplied in immediate connection with the house. These were much better terms than had been accorded any previous laborers, but the greater cost was made good by the superior efficiency of Europeans. Recruiting agents in the Azores were thus instructed by the Board: "We are particularly desirous that no underhand or unjust means of any kind be used in inducing these people to emigrate. All that come shall be well used. Every promise made in the contracts shall be faithfully carried out." The Board made good its assurances by promptly investigating complaints as to insufficient food and medical attendance on ship-board. It was made evident that there was no more sickness among the passengers than was inevitable on the long voyage round the Horn.

The arrival of the first Portuguese was an event of critical importance to the industrial and social future of the islands. There were eighty men, forty women, and sixty children. The Portuguese consul at Honolulu, Mr. Perry, supervised the signing of their contracts, allowing them full liberty to choose their employers. In accordance with the instructions of the board, families were not separated in the assignment of laborers. The planters expressed themselves so well content with this experiment that steps were taken to place Portuguese immigration on a permanent basis. Mr. Hutcheson was appointed Hawaiian consul at Maderia with a view to facilitating the recruiting of immigrants, while Hoffnung and Company, ship-masters of London, were commissioned to transport from one thousand to ten thousand people at ninety dollars per capita. The cost of transportation was to be refunded by the men. Half the passage of women and the entire passage of children would be met by the Board. The proportion of women

was to be from thirty-five to forty per cent. Children were allowed at the rate of two to a family. The announcement that twelve hundred Portuguese were on the way to the islands gave general satisfaction. Comic, therefore, was the dismay of the Board when the *Ravenscrag* arrived with one hundred and thirty-three men, one hundred and ten women, and one hundred and seventy-six children. Later shipments were even more unprofitable from the planters' point of view. The Portuguese persisted in bringing their families, male and female, young and old, till the Board was forced to make a new arrangement. The planter's share of the cost of transporting the women was to be paid in monthly deductions from the wages of the men and women concerned. Children from twelve to thirteen years might be contracted to labor at four dollars per month, children from thirteen to fourteen years at five dollars, from fourteen to fifteen years at six dollars per month.¹ Passage money for children under twelve years was still to be met by the Board. The heavy expenditures of the government on this account could only be made good in the course of years when these unwelcome children became tax-paying citizens.

From the beginning the governor of Madeira had caused trouble about the labor contracts, sometimes annulling them outright so that the men arrived under no further obligation than to repay the cost of their transportation, an obligation easily shirked. In 1881 H. A. P. Carter was sent to Lisbon as Minister Plenipotentiary for the purpose of placing the emigration of laborers from the Western Islands to Hawaii on a treaty basis. He succeeded in negotiating a convention between Portugal and the Hawaiian Islands in which it

¹ See Table B, p. 64.

was agreed: 1. that contracts for service were to be binding on both parties; 2. that adequate protection was to be afforded the immigrants under the Hawaiian law; 3. that immigrant ships should conform to specified requirements in regard to space, quantity and quality of food, medicine, sanitation, etc.

The arrivals of the next three years amounted to seven thousand seven hundred, yet the laborers commanded better and better wages. In 1884 the Board was constrained to offer sixteen dollars a month with lodging and fuel but without food, with the further promise of an allowance of two dollars a month for one child and four dollars for two or more. This unlooked for surrender of a long contested point was occasioned by the dread signs of exhaustion in this much prized labor supply. In 1884 Hoffnung wrote: "Our agent at St. Michaels finds it less easy to recruit emigrants from that island from which we have already taken some six thousand or seven thousand souls. He informs us that all wages have recently been doubled and there are other signs that the surplus population has been disposed of. Moreover the Brazilian and other governments are now offering special inducements to emigrants for their respective countries, and the competition is carrying off a good many to other fields of labor whom we had anticipated being able to engage for the Hawaiian Islands." The warning was quickly fulfilled; shipments of Portuguese dwindled to 278 in 1885, and ceased altogether after 1888. Of the fourteen thousand Portuguese brought to the Hawaiian Islands, few returned to their native land; but, to the disappointment of the planters, very few were willing to renew their labor contracts at the expiration of the original

term.¹ They preferred to rent a bit of land and cultivate on their own account. The planters' loss was the gain of the state. The Portuguese are to-day the small farmer class and the backbone of the coffee industry.

A HUNT FOR LABORERS.

Other sources of supply had already been attempted. The ever resourceful Gibson had proposed (1868) to secure Malaysians from the over-populated islands of the Orient. Objections on the part of the Dutch government thwarted this enterprise, but for years to come the hope that from Java and Sumatra might be derived a population akin to the Hawaiian and capable of restoring that decaying race hovered on the horizon as a vision that might readily be realized. W. N. Armstrong, who accompanied Kalakaua on his journey round the world in 1881, was commissioned to study the labor possibilities of the countries visited. He once and for all dispelled the Malay mirage by calling attention to the fact that the Malaysians were not the labor reliance of the lands where they dwelt, and that the Dutch government had been obliged to allow the importation of Chinese coolies. The reciprocity year saw H. A. P. Carter sent to England to negotiate for the importation of East Indians as contract laborers. This hopeful project was disapproved from the start by the East Indian authorities, who successfully blocked negotiations. Persistent inquiry demonstrated that the British government would consent to no scheme of emigration that did not provide for a first-hand supervision of the laborers by protectors responsible to the Colonial Office. This proviso effectually disposed of all hope of Hindoo labor. A proposition to import negroes from the

¹ See Table B, p. 64.

southern states or from Kansas was considered by the Board in 1880, and General Armstrong of the Hampton Institute was requested to report upon its feasibility.¹ The report was discouraging. The cost of transportation would be great, and it was believed that the negro would be quite unwilling to enter into any labor contract that might be penally enforced. The proposition was finally set aside by a resolution of the Hawaiian legislature disapproving the introduction of negro laborers.

Some of the more public-spirited planters now turned their attention to Europe as a possible recruiting ground. In the lands where the climate was severe and nature provided but a sparse subsistence, surely men might be found willing, nay glad, to migrate to the "Paradise of the Pacific." One hundred and twenty-four Germans, men, women, and children, were imported as contract laborers in 1880. They proved highly satisfactory as laborers and as citizens, but they did not long remain agriculturists. After serving out his three years' term, a German readily found a position as *luna* or made his way into a trade. It was not easy to secure further shipments. The trend of emigration from Germany was to the United States, where land might be had on easy terms. Not more than fifteen hundred Germans in all engaged for contract labor in Hawaii. In the same year Castle and Cooke, enterprising merchants of Honolulu, obtained permission to import Scandinavians under labor contracts. The Board agreed to pay half passage for the women brought in and full passage for children. Five hundred and fifty immigrants were the result of this venture. They were readily placed on plantations,

¹The actual investigation and report was made by W. N. Armstrong, because General Armstrong was too much occupied to undertake it.

but hardly were they domiciled than furious protests were sent in to the Board and to the home government against the rations and quarters provided. The complaints showed a complete ignorance of the new living conditions. For example, the lack of butter and potatoes was regarded as a hardship. Butter and Irish potatoes were imported into the islands from San Francisco and were luxuries reserved to the tables of the rich. Further, the cottages were thought uninhabitable because between the roof and the siding was an interval of several inches. This means of ventilation is necessary to health in a plantation camp in Hawaii. The charges were promptly investigated by the Board and by a commissioner sent out by the Swedish government. The commissioner unhesitatingly pronounced the accusations frivolous and said that the people were faring far better than in the homes from which they came. They had been hastily recruited in the seaports and had no liking for agricultural labor. Their real grievance was that they were under contract to work for twenty dollars a month when they might have been earning from two to four dollars a day at various trades. Some of these laborers, absconding, carried their complaints to America and found there a more sympathetic audience. The *San Francisco Chronicle* in June, 1881, published a sensational article on the "modern slavery" permitted in the Hawaiian Islands. English and German papers copied the statements, and a new horror was exploited by the European press. A vigorous refutation was drawn up and signed by one hundred and six German residents in the islands. "Personal freedom is, thanks to a well-regulated legislation, as secure here as in those countries which claim the highest civilization, and the legal decrees concerning the relation between employer and working-man are

entirely just and founded on those now in existence in the United States of America."

OPPOSITION TO THE CHINESE.

Meantime the importation of Chinese coolies went on apace. Laborers were always to be had in unlimited quantity and on easy terms from that swarming hive of men. In 1875 the legislature had attached a rider to the appropriation for the encouragement of agriculture and immigration, stipulating that no part of the sum should be used for the transportation of Chinese, excepting the bonus on women imported. But coolies continued to be brought in by private parties with the more or less reluctant consent of the Board of Immigration. The number rose from 62 in 1875 to 3652 in 1880 and to 4295 in 1884. By 1886 the Chinese in the islands numbered twenty thousand, one-fourth of the total population, but only 5605 of these were plantation laborers. The emancipated coolies found their way into various trades. Some were small shop-keepers, some had rented land and were cultivating rice and vegetables, many were earning good wages at diverse skilled trades. Serious as were the objections to the Chinese on moral grounds, they were highly satisfactory as workmen—peaceable, intelligent and reliable. Moreover, they cost less than the other laborers available.¹

¹The comparative cost of the several races represented on the plantations was estimated in the report of the Board of Immigration for 1886 as follows:—

	<i>Cost of Importation</i>	<i>Aver. Wages (with Food)</i>	<i>Living Expenses</i>
Portuguese -----	\$112.00	\$10.41 per mo.	\$ 9.16 per mo.
Norwegians -----	130.00	9.00 "	10.00 "
Germans -----	100.00	12.75 "	8 00 "
Japanese ² -----	65.85	9.88 "	6.32 "
Chinese -----	76.83	13.56 "	6.43 "
South Sea Islanders	78.50	10.16 "	5.77 "

² See pp. 42 and 43.

The initial expense of transportation was considerably less than for European laborers, and John Chinaman had few women and children to be provided for.

Public sentiment finally over-mastered the wishes of the planters. Agitation against the importation of Chinese was strong in the early eighties. Public-spirited Hawaiians protested against their vices, as a corrupting element in the body politic. Artisans complained that their competition was lowering wages and the standard of living. But the menace to public health involved in importing shiploads of orientals was perhaps the argument that told most heavily against them. In 1881 the *Septima* arrived at Honolulu with six hundred and ninety-nine Chinamen aboard and six cases of smallpox. The passengers were detained in quarantine, the sick being removed, until all danger of further out-break had passed. Soon after these men had been placed on plantations several other tramp steamers arrived in similar plight. The ordinary quarantine accommodations proved entirely inadequate, and the suspects were housed in make-shift quarters with a guard to prevent their escape. Complaints were forwarded to the Chinese Minister at Washington alleging that the coolies had been confined within a stockade guarded by soldiers and so forced to sign contracts prejudicial to their interests. The old scandals concerning slavery in Hawaii were revived, much to the chagrin of all patriotic citizens.

In 1883 the first legislative restriction on the importation of Chinese was imposed. No more than six hundred were to be admitted in any consecutive three months, and they were to be transported in no vessels but those of the two regular lines, the Pacific Mail and the Oriental and Occidental. These restrictions were

resented by the planters and a protest was addressed to the Minister of the Interior by the Planters' Association on August 27, 1884.

"The petition of the undersigned planters and other employers of labor respectfully represents that their several business enterprises are suffering in consequence of the scarcity of suitable laborers to perform the necessary work which their several business enterprises require and demand. And by reason of scarcity of the laborers, wages for unskilled labor, field hands, etc., are so high that the planters and other employers, under existing adverse circumstances, cannot afford to pay the ruling rate of wages, and consequent disaster threatens their several enterprises.

"And as the Chinese are acknowledged to be the best and most economical laborers in the kingdom for general plantation and other work, and knowing that additional numbers of Chinese in the kingdom would materially relieve the existing difficulties :

"Therefore, your petitioners pray that it may please Your Excellency to encourage, and as far as possible, provide for and allow a further and free immigration of Chinese from China and elsewhere into this Kingdom, to the number of 500 adult men per month, until all demands of labor shall be fully supplied.

"The intention of this petition is not to interfere with or check the immigration of Portuguese, Japanese or others, which people can be employed at other and higher classes of work, and thereby earn the higher rates of wages paid them."

A struggle between the planters and the press ensued, the former representing the industrial and the latter the social interests of the islands. Mindful of the fact that the prosperity of the sugar plantations was funda-

mental to the prosperity of all other business, the government provided against an actual shortage of labor by negotiating for a liberal importation of Japanese. Three thousand contract laborers were imported and a labor convention with Japan concluded in anticipation of more drastic legislation against the Chinese. The decade from 1885 to 1895 saw no less than four enactments on the vexed question of Chinese immigration. A law of 1885 prohibited any shipmaster from bringing in more than twenty-five Chinese who could not show pass-ports proving previous residence in the Hawaiian Islands. In 1886 was passed an exclusion act quite as rigid as the Geary law. "No Chinese passenger shall be allowed to land at any port in the Hawaiian Kingdom unless such passenger be the bearer of a pass-port" proving previous residence. The only exceptions allowed were merchants, for a limited term, wives and children of resident Chinese, officials representing the Chinese government, teachers, and ministers of the gospel.

In September, 1889, a committee of the planters petitioned the ministry to convene an extra session of the legislature to consider an amendment to the constitution making provision whereby "Chinese might be admitted to the Islands as plantation laborers and whereby Chinese so admitted and Chinese now in the country and employed as common laborers might be restricted to agriculture." The petition was refused on the ground that such an amendment had already been voted down. The ministerial policy was then stated as follows: "First, the excessive proportion of Chinese in the Kingdom and their rapid encroachment upon the various businesses and employments of the country, require adequate measures to prevent the speedy extinction

in these Islands of Western civilization by that of the East, and the substitution of a Chinese for the Hawaiian and other foreign population. Second, the perpetuation of Anglo-Saxon civilization, introduced into these Islands and adopted by the Hawaiian people early in the present century, is essential to the continuance of a free government and of the political independence of this Kingdom, and such civilization can be perpetuated only by retaining a population who have been educated therein and who comprehend the workings and benefits of popular representative government. Third, we believe that self-preservation, by nations as well as by individuals, is a principle universally recognized." Reviewing the policy of other nations, the ministry undertook to justify by analogy the restrictions imposed by the Hawaiian government on the immigration of Chinese. The United States had excluded such immigrants; Canada and the Australian Colonies had imposed restrictions; the islands of the Pacific, the Philippines, Samoa and Tahiti, had taken measures to protect themselves against Chinese competition; in Java and the Straits Settlements hostile legislation was imminent. A statistical study of the situation in Hawaii followed, and it was demonstrated that Chinese competition meant the speedy substitution of the oriental for the native or European workmen. The Chinese in the Kingdom then amounted to one-fifth of the entire population,¹ having increased from 5916 in 1878 to 19,217 in 1889; but the number employed as plantation laborers had not

¹ Proportion of Chinese in total population :—

1866	1.94%
1872	3.41
1878	10.20
1884	22.27
1889	(estimated) 20.88

increased in the interval.¹ There was abundant evidence to show that the majority of the Chinamen who elected to remain in the islands at the expiration of their contracts had gone into various trades.² The cabinet declared its conviction that the presence of Chinamen was a menace not only to the industrial but to the social well-being of the islands. Their immorality, their secretiveness, their apparent disregard of human life, their imperviousness to western ideas were dwelt upon with much earnestness.³ After this extensive preamble it is somewhat disconcerting to find the cabinet arriving at a conclusion practically identical with that of the planters: "1. That no Chinese other than teachers and officials shall be allowed to come into this country except in the capacity of laborers. 2. That no Chinese be admitted

¹ Number of plantation laborers in Hawaii :—

	<i>Chinese</i>	<i>All Nations</i>
1882 -----	5,037 -----	10,243
1886 -----	5,605 -----	14,518
1888 -----	5,727 -----	15,578
1890 -----	4,517 (later figures) ----	17,895

² In 1889 the Chinese held

10.9	per cent. of drivers' licenses.	
18.2	" " draymens' "	
20.6	" " butchers' "	
23.5	" " wholesale merchandise licenses.	
27.9	" " hack	"
38.2	" " horse hiring	"
57.0	" " wholesale spirit	"
62.0	" " retail merchandise	"
84.7	" " victualing	"
91.8	" " pork butchers'	"
100.0	" " cake-peddling	"

³ Ratio of convicted criminals to race population by two year periods, from the reports of the Chief Justice :—

	<i>1891 and 1892</i>	<i>1896 and 1897</i>	<i>1901 and 1902</i>
Chinese -----	9.86% -----	17.36% -----	12.8%
Japanese -----	7.31 -----	7.94 -----	7.7
Hawaiians -----	8.04 -----	7.85 -----	10.1
Portuguese -----	5.58 -----	3.49 -----	6.1
Others -----	10.73 -----	12.44 -----	24.0

as laborers unless the agricultural necessities of the country require it. 3. That Chinese not now engaged in trade or the mechanical occupations be prohibited from hereafter engaging therein."

The representations of the planters prevailed with the next legislature so far as to secure the admission of Chinese as agricultural laborers for a term not exceeding five years. If found in any other occupation such immigrants were to be arrested and returned to China. The planter engaging such laborers must make a deposit of \$75 for each laborer, to be deducted from his monthly wages. This was reserved by the board of immigration to meet the expense of his return passage. In 1895 a further modification of the Exclusion Act was allowed. Permits to import Chinese coolies might be granted to an employer who bound himself to introduce European or American agricultural laborers equal in number to one-tenth of the Chinese permitted him. This was to be accomplished within one year after the date of the permit. Such European or American laborers were to be accompanied by women in the ratio of twenty-five women to one hundred men. The government was to defray the passage of women and children to the amount of \$130 per family; the planter was to defray the passage of the men and any surplus for women and children. A good and sufficient bond was required for the performance of this obligation. In the next two years 7364 Chinese were brought in under this arrangement. Another immediate consequence of this legislation was a renewed effort to obtain European laborers. Two hundred and twenty-seven Germans were imported in 1897, and 255 Italians in the year following, together with as many Galicians from Austro-Hungary. These efforts were rather perfunctory; the laborers so intro-

duced were but poor material and meant nothing as a solution of the labor problem.

THE JAPANESE.

The significant achievement of these years of agitation was the negotiation of the convention with Japan by which an important labor supply was opened up. In 1879 the Board had appropriated \$10,000 for the introduction of laborers from Japan, and the Hawaiian consul at Tokio was instructed to submit the following terms to the Japanese government: Laborers coming to Hawaii were to enter into contract to work on a sugar plantation for a term of from three to five years. Wages were guaranteed at the rate of ten dollars per month for men and six dollars per month for women. Forty per cent of the immigrants were to be women, and the Board was to pay half the expenses of the passage of the women and all expenses for the children brought in. The people were to be returned at government charge if, at the end of the contract years, they did not wish to remain in Hawaii. These terms were sufficiently generous, but the Japanese authorities demurred. They were willing that the people should emigrate to Hawaii, but expressed themselves as decidedly adverse to any scheme of contract labor that seemed likely to place Japanese subjects in a position "similar to that of the Chinese in Peru, Cuba, or even California." There followed a remarkable "higgling of the market," the board of immigration eagerly meeting demand after demand of the wary Japanese officials. It was finally agreed that free passage to and from Japan should be provided for the laborers, their wives and children, that they should be guaranteed employment without signing an advance labor contract, and that the minimum rate

of wages, fixed before sailing, should be nine dollars per month with food or fifteen dollars without food. The board promised to provide laborers in the latter case with standard rice at five cents a pound.

At last (February, 1885) the first shipment of Japanese coolies was received—616 men, 159 women, and 108 children. Instructions as to treatment were embodied in a circular letter to the planters: "The understanding with the Japanese government is that while the immigrants remain under their original contracts they are to be under the immediate guardianship of the government, and that the planters to whom their contracts are assigned are the agents of the government, the latter being really responsible on the original contracts at all points. It has further been distinctly considered and determined by the government that no employer or overseer [*luna*] shall be permitted under any circumstances (except in self-defense) to strike or lay hand upon any contract laborer who is a government ward. This determination is made binding by agreements to this effect, actually entered into; and it is rendered all the more important when considered in the light of the sensitive nature of the Japanese race, in particular, which renders any rough handling of the laborer abortive, if intended to secure obedience. It must therefore be understood by all employers that blows or other violence used against a contract laborer, except in absolute self-defense, will be deemed sufficient ground for the withdrawal of the assignment made to them of any person so dealt with." A special commission of inspection of Japanese laborers was created with a Japanese as chief and with interpreters for each island where Japanese were employed, charged with the investigation and amicable settlement of disputes that might arise

between laborer and employer.¹ The function of these interpreters was at first resented by the planters, but they proved so helpful in obviating difficulties that the plan was in the end heartily approved.

The ambition of the government to settle the labor problem once and for all by inducing "the voluntary immigration of a friendly people" seemed about to be realized. Of 3457 Japanese brought into Hawaii in the next three years (1885-1888), 2431 elected to remain under a second contract, 632 remained as free laborers, 291 returned to Japan, and the remainder died in the islands. The arrangement was regarded with such satisfaction by the Japanese government that propositions for a convention fixing the conditions of this immigration were favorably received.² The year 1886 saw the negotiation of a convention between the Empire of Japan and the Kingdom of the Hawaiian Islands.³

¹ A similar commission for the inspection of Portuguese, with a corresponding staff of interpreters, was established at the same time. Both commissions were to be under the direction of an inspector general responsible to the board of immigration. Quarterly reports were to be submitted to the board giving a detailed account of the condition of the laborers on each plantation.

² Propositions to recruit laborers for the United States and for Australia had been refused by the same government.

³ Article II. The government of His Majesty the Emperor of Japan agree that in pursuance of the provisions of this convention, and so long as the same shall remain in force, Japanese subjects may freely emigrate to the Hawaiian Islands. But nothing herein contained shall be held to deprive His Imperial Majesty's government of the right, in individual cases, to prohibit such emigration, or at their pleasure generally to limit, suspend, or prohibit such emigration, if in their judgment the exigencies of the state or the welfare of the Japanese subjects justifies such action.

Article III. All emigration under this convention shall be carried on between the ports of Yokohama and Honolulu. The Kenrei of Kanagawa shall in all matters connected therewith represent and act on behalf of the Japanese government. His Hawaiian Majesty's gov-

Sixty-two thousand Japanese were brought into the Hawaiian Islands under this convention, twenty-five per cent of them being women. As may be inferred from the insistent demand of the planters for Chinese laborers, the Japanese were not entirely satisfactory. From the outset they were difficult to deal with, proving to be restless and self-assertive to a degree hitherto unknown in the cane-fields of Hawaii. They were, more-

ernment engage to appoint a special agent of the Hawaiian Board of Immigration to reside at Yokohoma. The appointment of such agent shall be subject to the approval of the Japanese government. It shall be the duty of the said agent to correspond and consult with the said Kenrei upon all matters connected with the subject of Japanese emigration to Hawaii, and he shall, moreover, be charged with the duty of making all necessary arrangements with reference to the embarkation and transportation of intending emigrants. Whenever emigrants are desired, the said agent shall give the said Kenrei at least one month's previous notice, setting forth the number and class of persons desired, to which notice the said Kenrei shall, without unnecessary delay, reply, giving the determination of His Imperial Majesty's government in that behalf.

Article IV. All emigration under this convention shall be by contract. The contracts shall be for periods not exceeding three years, and shall be in accordance with a form to be approved by both governments. During the continuance of any such contracts, the Hawaiian government shall assume all the responsibilities of employer toward the emigrants and shall consequently be responsible for the due and faithful performance of all the conditions of such contracts and at the same time the said government of Hawaii guarantees to each and every Japanese emigrant the full and perfect protection of the laws of the Kingdom and will endeavor at all times and under all circumstances to promote the welfare and comfort of such emigrants.

Article V. His Hawaiian Majesty's government agrees, moreover, to furnish all emigrants under this convention free steerage passage, including proper food, from Yokohoma to Honolulu, in first class passenger steamers. The steamers selected for the purpose of transporting such emigrants shall be approved by the Kenrei of Kanagawa.

Article VI. In order to ensure the proper fulfillment of the terms of the contracts entered into between the Board of Immigration of the Hawaiian Kingdom and any Japanese emigrants and to afford full protection to such emigrants in the enjoyment of their rights under the laws of the Hawaiian Kingdom, His Hawaiian Majesty's government will provide and employ, during the continuance of any of the

over, remarkably clannish, clubbing together for the championship of their common interests in a way that was distinctly embarrassing. They showed no disposition to marry with the Hawaiians, and, while readily adopting American dress and ways, cherished allegiance to their native land with peculiar tenacity. They found their way into the skilled trades even more rapidly than the Chinese.¹ The danger that Hawaii might be orientalized was greater than in the days of unstinted Chinese

contracts aforesaid, a sufficient number of interpreters and inspectors who shall be able to speak and interpret the Japanese and English languages, and the services of such interpreters shall at all times be rendered without charge to such emigrants in the courts of the Hawaiian Kingdom in any suits arising out of or concerning any such contracts in which such emigrants may be plaintiffs, defendants, complainants or accused.

Article VII. The government of His Hawaiian Majesty will, during the continuance of any of the contracts provided for by this convention, employ a sufficient number of Japanese physicians to attend the emigrants and will give to the said physicians the status of government physicians and will station them in such localities as may from time to time appear to be desirable in order to afford the emigrants all necessary medical aid.

Article VIII. His Hawaiian Majesty's government further agree that the Diplomatic and Consular agents of Japan in Hawaii shall at all times have free and unrestricted access to all Japanese emigrants, they shall be afforded every facility to satisfy themselves that the contracts are being fulfilled in good faith; and they shall also have the right, in case of violation thereof, to ask and obtain the protection of the laws and the local authorities of Hawaii.

Article IX. The well-being, happiness and prosperity of Japanese subjects emigrating to Hawaii, being equally objects of solicitude to both contracting parties, His Imperial Japanese Majesty's government consent that His Hawaiian Majesty's government shall have the right to send back to Japan all evil-disposed, vicious or vagrant Japanese subjects in Hawaii, who may create trouble or disturbance or encourage dissipation of any kind among the emigrants or who may become a charge upon the state.

[Signed]

WALTER M. GIBSON,
Minister of Foreign Affairs.

¹ According to the last census of occupations for Hawaii the Japanese furnish 103 out of 399 blacksmiths; 649 out of 1955 carpenters; 386 out of 506 sugar mill hands; 207 out of 383 seamstresses.

immigration. In fact the fear that the islands would be annexed by Japan was one of the prime factors in the demand for annexation to the United States.

INDUSTRIAL EFFECTS OF ANNEXATION.

The industrial transformation wrought by annexation was far more profound than the political. The immediate legislative consequences were the exclusion of Chinese laborers and the prohibition of the penal enforcement of labor contracts.¹ The absolute exclusion of the Chinese had been anticipated, as had also the prohibition of the further importation of contract laborers. But it had been supposed that existing contracts would hold to the expiration of the stipulated terms. Indeed the planters had imported an unusually large number of Japanese (19,908 in 1899) in anticipation of prohibitory legislation. The immediate effect of the marshal's proclamation was an epidemic of strikes. Of the twenty-two strikes recorded by the United States labor commissioner for 1900, twenty were undertaken by plantation laborers, all of them Japanese. The causes given throw a good deal of light on the aspirations of the inscrutable Jap: "for discharge of over-seer"; "for in-

¹By the Organic Act (1900) providing a government for the territory of Hawaii it was stipulated that "no suit or proceedings shall be maintained for the specific performance of any contract heretofore or hereafter entered into for personal labor or service, nor shall any remedy exist or be enforced for breach of any such contract except in a civil suit or proceeding instituted solely to recover damages for such breach. Provided further that the provisions of this section shall not modify or change the laws of the United States applicable to merchant seamen. Contracts made since August 12th, 1898, by which persons are held for service for a definite term, are hereby declared null and void and terminated, and no law shall be passed to enforce said contracts in any way; and it shall be the duty of the United States marshal to at once notify such persons so held of the termination of their contracts."

crease of wages, increase of water supply at dwellings, payment of damages for injuries received by an employee, and against retention of part of wages withheld in accordance with original contracts"; "for cancellation of contracts"; "against being compelled to work regular hours"; "for increase of wages from \$17.50 to \$26 per month"; "for reinstatement of discharged employee"; "for employment of Japanese instead of white overseer"; "against the task system"; "against being compelled to work on holidays." This sudden advent of full-blown trade-unionism took the planters by surprise. For the moment the laborers had the upper hand. But under the auspices of the Planters' Association a uniform scale of wages was soon agreed upon by which all the managers were to abide. The monthly wage for field labor was fixed at \$18, \$19, and \$20, according to the distance from the nearest town. This advance represents a considerable increase in cost of production.¹ The immigration of Japanese did not cease with the abolition of labor contracts.² The Hawaiian Islands still offer opportunity for earning good wages under congenial skies and a chance to rise in the world. The conditions of immigration are altered, however. Passage

¹ In 1898 the Planters' Association submitted a memorial to the Hawaiian Commission in which the cost of labor is discussed as follows: "Contrary to usual comment and understanding in the United States, the average cost of ordinary field labor in Hawaii, counting in the lodgings, medical attendance, wood, water, and land for cultivation almost universally furnished to the laborers, does not in any case fall below \$16 per month, in most cases comes to as high as \$18 a month and ranges up to \$20 and even more a month." This statement is corroborated in the report of the U. S. commissioner of labor, on Hawaii, 1902. Mr. Clarke's comparison of labor conditions in the sugar industry of Hawaii, California, Texas, Louisiana, and Cuba demonstrates the advantage of the Hawaiian laborers.

² The number of Japanese immigrants arriving in 1901 was 7,214; in 1902, 14,564.

money is usually advanced by immigration companies,¹ chartered by the Japanese government, which exact a bond for repayment from the immigrant or from his relatives. In case a man absconds the sum deposited is confiscated to the treasury of the company. The government reserves full right to limit the number of laborers who may be recruited and the towns or districts from which they may be drawn.²

THE PRO AND CON OF CONTRACT LABOR.

Much misunderstanding has arisen concerning this method of meeting the labor demand of the sugar planters. The evil reputation of the coolie trade—a reputation well-earned in Cuba and in the Chincha Islands—has attached itself to every attempt to transfer the superabundant population of Asia to the lands where their labor is in demand. It must be acknowledged that the penal enforcement of a labor contract is inconsistent with the trend of modern labor legislation. It suggests slavery. But how otherwise could the laborer, guiltless of property and in debt for his passage money, secure his master against breach of contract? The labor contract, moreover, was the only practical method of securing labor in a country so remote from the sources

¹ Article III of the Imperial Law for protecting emigrants :—

The Executive Authorities may cause imin (the emigrants) desiring to emigrate without the intervention of Imin Toriatskainin (emigration agents) to appoint sureties of not less than two persons whom they deem proper, according to the conditions of the place where they desire to emigrate. Such sureties shall give assistance to or undertake to bring home the imin in case of illness or other distress. In case the Executive Authorities shall have given assistance to or undertaken to bring home the imin, the sureties shall reimburse the expenses incurred therefore.

²A revision of the emigration laws, January 1, 1903, restricted the number of emigrants to Hawaii, an average of forty-five men to each of the thirty-five emigration agencies being allowed.

of supply. Laborers could be induced to immigrate only by the offer of passage prepaid and a guarantee of employment at a living wage. Planters could not be expected to meet these terms unless they were guaranteed against loss by a legal claim on the laborer for a definite term. Finally social security would have been threatened by the importation of alien laborers in numbers far exceeding the native population, but for the fact that these men were held upon the plantations by the labor obligation.

At a citizens' meeting called in 1869 to discuss the labor question the president of the Board of Immigration thus defended the government against the charge of countenancing "man-stealers" and "slavers": "You cannot bring laborers here without first making a contract to pay certain wages and to provide food and lodging,—these are the inducements for them to come, and the government must hold out these inducements or they would not come,—whether Chinese or others. Under our laws all are alike. There is nothing like slavery here, and immigration cannot be made freer than it is." In his report of 1886, Charles Gulick, president of the Board, summing up a comprehensive review of the immigration policy of the Hawaiian government asserts: "The coolie system known as such has never existed here. The only law between employer and employee is the Master and Servant Law, than which none is milder or more equitable, requiring as it does the specific fulfillment of contracts. The law protects the laborer in all his rights, and affords no more protection to employers in theirs."

Contract labor as practiced in the Hawaiian Islands was fully justified by the peculiar social and industrial conditions there prevailing. As administered by the

Board of Immigration, the system was calculated to advance the interests of the laborers quite as much as those of the planters. That it has done so is evident from the property statistics of the twelfth census. The value of the farm lands in which Chinese are interested as owners, part owners, managers, cash-tenants, or share-tenants is \$2,700,335. The Japanese have had less time in which to acquire property, but their interest is estimated at \$438,020. The Chinese residents in the Hawaiian Islands pay taxes on \$3,287,802 of personal property, the Japanese on \$1,268,180. It would not be difficult to prove that for the oriental laborer the labor contract has been the highroad to fortune.

The importation of thousands of orientals under a semi-servile labor contract had, however, a discouraging effect on free immigration. In so far, the Hawaiian labor system is quite comparable to the slave labor system of the southern states. This tendency has been recognized and deplored by all public spirited citizens of the islands. In a memorial addressed to the Hawaiian Commission in 1898 this attitude is stated as follows: "The evils of the penal contract system and its tendency to depreciate the standard of labor as an honorable calling have been recognized and appreciated by the great bulk of the intelligent people of Hawaii, and it is almost entirely fallen into disuse, except with relation to the newly imported immigrants and the securing of the advances made to and on account of them. So great has been this tendency that the census of 1896¹ shows that of approximately 35,000 laborers only approximately 10,000 were working under contract and these almost exclusively under contracts made abroad."

Much might be said in favor of the labor contract as

¹ Cf. Table B, p. 64.

a wholesome regulator of immigration. The normal demand for labor so expressed is a safer stimulant than the specious promises made by steam-ship and rail-road agents. Under a wise and efficient administration such as characterized the Hawaiian Islands and still obtains in British Guiana and the Strait Settlements, the misfits resulting from voluntary and unrestricted immigration have been largely avoided. The far more serious evils arising from an illicit importation of contract laborers as practiced by the Six Companies on our Pacific coast and by the Italian *padrone* can be obviated by government control.

The insuperable objections to the labor contract, appreciated to the full by the defendants of the system, is the difficulty of enforcement. How can the courts compel a man who has no property but his bodily energies to fulfil his contract and so meet the money obligations incurred in transportation? Obviously he has nothing to forfeit but his freedom. But is not penal enforcement inconsistent with personal liberty? This dilemma has been fully treated in two important rulings of the Hawaiian supreme court. In 1873 in the case of John H. Wood vs. Afo (*alias* Cheong San Quong), the court affirmed :—

“ This statute [the Master and Servants Act] was enacted, of course, in reference to the business of the country. The productions of the country must be gathered and secured, or manufactured when secured, and if neglected they deteriorate and are essentially damaged, and the law in question is designed to prevent persons from wilfully violating their contracts and doing damage to their employers. It is, in degree, as essential to the sugar planter that his employees should remain with him to perform the service as agreed upon during the

crop, as it is for the seaman to remain on the ship during the voyage. A sugar plantation encounters as many adverse winds as a vessel, and is quite as likely to be endangered in crop time as a vessel is on a lee shore, when all hands are required. In many countries where labor is plenty and heavy advances are not necessary to procure laborers, this law is not necessary. But the legislature, in their wisdom, passed the law as applicable to the condition of affairs here.

“But it is contended that it is in restraint of one’s liberty,—why more so than any other contract which a man makes and honestly fulfills? If a mechanic undertakes to build a house, it occupies his time and diverts his attention from other pursuits, which, perhaps, he might prefer. Every man in public office is under obligation to attend to its duties, and it is often in restraint of his wishes, but no one thinks it impairs his liberty. The court is of the opinion that it is immoral to fail to fulfill a contract without reason. The man when he makes the contract understands perfectly well its terms, and receives advantages in advance, and if fully complied with, how is his liberty interfered with? It was optional whether he made the contract or not, but when he has made it and received part payment, it is not true liberty regulated by law for him to abandon his obligations and defraud his employer out of the money advanced. But it is said, bring your action for damages. This may be regarded in most cases as mere mockery. It is to incur a bill of costs without the slightest probability of receiving the amount awarded. There would be some strength in the argument if the damages could probably be secured, but the legislature, in their wisdom, considered the necessities of the business done here as well as the condition, moral and phy-

sical, of the people who usually enter into contracts of this character."

Again in 1891 the court was called upon to decide upon the apparent inconsistency between penal enforcement and personal liberty. Mioshi, a Japanese under contract to the Board of Immigration and assigned to the Hilo Sugar Company, sued for exemption on the ground that the contract was a violation of the constitution, since he was unwilling to serve, and Article XI of the constitution of 1864 and 1887 prohibit "involuntary servitude."¹ The judges ruled that the contract was constitutional. "Article XI was enacted while the Master and Servants Act was in full force, hence it could not have contemplated contracts to labor voluntarily undertaken. A fair and honest contract to work for another, willingly and freely made with a knowledge of the circumstances, cannot be said to have created a condition of involuntary servitude. The contract which creates the state or condition of service, if it is voluntary when made and the conditions and circumstances remain unchanged, except that the mind of the one who serves is now unwilling to fulfill it, is it not by that fact changed into a contract of involuntary servitude forbidden by law. If the contract is lawful and constitutional in its inception, it does not become illegal or unconstitutional at the option of the parties."

Quite in accordance with this ruling is the act of the legislature of 1892 reenforcing the penalties for desertion from service. If the servant refused to serve he was to be imprisoned until he consented. If he returned but again deserted, he could be fined not ex-

¹ Involuntary servitude, except for crime, is forever prohibited in this Kingdom. Whenever a slave shall enter Hawaiian territory he shall be free."

ceeding five dollars for the first offence and not exceeding ten dollars for the second offence, and in default of payment of the fine be imprisoned at hard labor until it was paid. For every subsequent offence he might be imprisoned at hard labor not exceeding three months and he must then serve the remainder of his original term.

CONTRACT LABOR SUPERSEDED.

By annexation to the United States, Hawaiian institutions were brought under direct control of a people accustomed to express their notions of individual liberty in legislation. Doubtless ignorance and prejudice were mingled in the popular discussion of the terms on which the islands should become an integral part of our government; but the denunciation of contract labor had its origin in the conviction that the penal enforcement of a personal obligation is inconsistent with democracy, that it belongs not to the future but to the past, that it must go the way of those other forms of forced labor, slavery and serfdom. The history of labor systems in America goes far to justify this point of view. Indentured servants ceased to be brought into the Atlantic colonies before the close of the eighteenth century. Slavery was abolished in 1863. The importation of contract laborers was rendered illegal by the law of 1885, and all engagements made in advance of landing in this country were declared void.

A similar tendency is evident in European legislation. In England desertion of service on the part of artisans and servants in husbandry was treated as a crime for centuries, and a long series of statutes from 23 Edward III to 4 George IV prescribed penalties of mediæval severity. As late as 1866 a servant refusing to labor till the end of his term might be imprisoned at hard

labor in a house of correction or suffer abatement of wages, as the magistrate might direct. But the masters' right of penal enforcement was destined to give way before the people's demand for personal liberty. The year that gave the suffrage to the ten pound householder witnessed an important modification of the Master and Servants Act. In accordance with the recommendations of a select committee of the House of Commons (1867) fine was substituted for imprisonment as a penalty for non-performance except where injury to the master's person or property could be proved. In 1875 a second parliamentary commission made an exhaustive report on the vexed question of the enforcement of labor contracts. For the Master and Servants Act was then substituted the Employers and Workmen Act, by which the laborer was permitted to give security for due performance in lieu of paying a fine. Germany was the last of the continental states to surrender the principle of penal enforcement. The Prussian law of 1869 abolished the right of compulsion. No German laborer may to-day be forced to resume his service, though he may be sentenced to pay a fine for damage wrought. Soldiers are not affected by this emancipating legislation, and the seaman's contract, even in the merchant marine, may still be penally enforced in every European port.

The seamen's union of the United States has waged long and bitter war against this last stronghold of compulsory service. Their contention has been carried to the highest tribunals of the land with discouraging result. As late as 1896 the majority of the justices in the Supreme Court sustained the shipping law. (*Robertson vs. Baldwin*, January 25, 1896.) The petitioners had sued out a writ of habeas corpus by way of pro-

test against forcible detention on board ship as contrary to the thirteenth amendment. The court affirmed in the following terms the constitutionality of the penal enforcement of the contract.

“The prohibition of slavery in the thirteenth amendment is well known to have been adopted with reference to a state of affairs which had existed in certain states of the Union since the foundation of the government, while the addition of the words (involuntary servitude) were said in the Slaughter-house cases [1873] to have been intended to cover the system of Mexican peonage and the Chinese coolie trade, the practical operation of which might have been the revival of the institution of slavery under a different and less offensive name. It is clear, however, that the amendment was not intended to introduce any novel doctrine with respect to certain descriptions of service which have always been treated as exceptional, such as military and naval enlistments.

“The question whether Sections 4598 and 4599 [the penal sections of the Shipping Act] conflict with the thirteenth amendment forbidding slavery and involuntary servitude, depends upon the construction to be given to the word (servitude). Does the epithet (involuntary) attach to the word (servitude) continuously, and make illegal any service which becomes involuntary at any time during its existence? or does it attach only at the inception of the servitude, and characterize it as unlawful because unlawfully entered into? If the former be the true construction, then no one, not even a soldier, sailor, or apprentice can surrender his liberty, even for a day; and the soldier may desert his regiment upon the eve of battle, or the sailor abandon his ship at any intermediate port or landing, or even in a storm at

sea, provided only he can find means of escaping to another vessel. If the latter, then an individual may, for a valuable consideration, for a definite time, and for a recognized purpose, contract for the surrender of his personal liberty and subordinate his going and coming to the will of another during the continuance of the contract." Justice Harlan dissented: "Slavery exists wherever the law recognizes a right of property in a human being; but slavery cannot exist in any form within the United States. The thirteenth amendment uprooted slavery as it once existed in this country and destroyed all of its badges and incidents. It established freedom for all."

The opinion of Justice Harlan was destined to prevail. On December 21, 1898, Congress passed an amendment to the Shipping Act which provided that in case of desertion from an American vessel in ports of the United States and its dependencies, or in ports of Canada, Newfoundland, the West Indies, and Mexico, the seaman or apprentice so deserting should forfeit all effects left on board and all wages due him. Deserters from an American vessel in a foreign port may suffer the further penalty of three months imprisonment. But in the ports of the United States, her neighbors and dependencies, the ship-master's right of bodily compulsion is finally abolished.

From the foregoing sketch of the tendencies in recent legislation, one must conclude that penal enforcement, the essential condition of contract labor, is an anachronism in the modern industrial order and destined everywhere to be superseded by a higher labor type. Conditions in Hawaii are peculiar in that the abolition of the penal contract was not demanded by the coolies or by the planters, but was imposed by the United

States government as a condition of annexation. Public opinion in the United States demanded that the laborer in Hawaii should be as free as the laborer at home. Americans could not comprehend that in a tropical country worked by oriental labor the wage system might be an anachronism.

THE CONTRACT COMPANY.

The years immediately following the abolition of contract labor were full of difficulty for the Hawaiian sugar-planters. In 1895 the labor commission,¹ reporting on the problems then besetting the employer of labor, declared the wage relation a failure. "It is generally conceded by planters, in these islands and elsewhere, that the system of wage-paying is the least satisfactory of any of the forms of labor employment, because as the wages are the same, it does not stimulate the ambition of the laborer, and, indeed, tends to reduce the amount of labor furnished by each laborer to the product of the least efficient and most thriftless." This is especially true in the case of Japanese laborers, now seventy per cent of the total labor supply. As a race these men are restless, ambitious, and eager for change. In marked contrast to the patient, industrious Chinaman, the Japanese is quick to take offense, ready with his fists and altogether a difficult and unreliable employee. Under no pecuniary bond to his employer and attached to the plantation by no sense of loyalty or self-interest, he requires constant over-sight.

The old fashioned planter has fallen into despair. The more progressive men have hit upon a device that promises well. This is a form of rental similar to

¹ See Report of the Labor Commission on Coöperation and Profit sharing, 1895.

farming on shares, except that the lease is taken up not by an individual farmer but by a company of laborers. The planter furnishes land, seed-cane, water, fertilizer, and tools, and performs such portions of the work as require expensive machinery, *e.g.*, plowing, furrowing, and hauling the cane to mill. He also provides house, garden, and fuel to each laborer's family and advances him ten dollars per month towards living expenses. A field of from fifty to one hundred acres is rented to a "contract company" of a dozen or more men. Under a head-man of their own choosing, the co-laborers weed, irrigate, and fertilize the fields, strip and finally cut the cane and load it for transportation. The cane is weighed as it leaves the field or, when practical, reckoning is kept at the mill of the raw sugar produced from the crop in question, and each company is paid for its product at the rate stipulated in the contracts. This piece-price varies with the market price of sugar. Two dollars per ton of cane or seven dollars per ton of sugar is the present rate, approximately one-seventh of the total value of the crop.

The purchase system was in the experimental stage when the labor commission made the report above quoted. At that time the method had been tried on some eight plantations with varying degrees of success. Only four managers gave it unhesitating approval. Today the purchase system is the usual method of dealing with Japanese laborers, since it is a relation that brings out their best qualities. The "contract company" at its best is a labor-gild, associated in the bond of a common interest. The jealous attention given to their cultivation of a crop shows in marked contrast to the perfunctory performance of hired laborers. The company men irrigate with careful attention to the

quality of the soil, begging for more fertilizer than has been allotted them, stealing it from the ware-house in case of necessity. They go to the field in advance of the day-laborers and stay after hours, weeding or stripping or guarding against fire. The result, under the same conditions of soil and water supply, is a yield greater by one-fourth or one-fifth than the crop produced by the labor gang supervised by a *luna*. The planter reaps an enhanced profit, and the earnings of the men are twenty-five per cent more than they would receive as wage laborers. There is indeed good reason to hope that the purchase system will prove the ultimate solution of the labor problem in the Hawaii Islands.

TABLE A

IMMIGRATION INTO THE HAWAIIAN ISLANDS UNDER THE BOARD
OF IMMIGRATION

YEAR	Chi- nese	Japa- nese	Portu- guese	Ger- man	Gali- cians	Norwe- gians	South Sea Islanders	Total
1865	615	-----	-----	-----	-----	-----	39	654
1866	117	-----	-----	-----	-----	-----	-----	117
1867	210	-----	-----	-----	-----	-----	-----	214
1868	51	148	-----	-----	-----	-----	4	325
1869	78	-----	-----	-----	-----	-----	126	100
1870	305	-----	-----	-----	-----	-----	22	330
1871	223	-----	-----	-----	-----	-----	25	223
1872	61	-----	-----	-----	-----	-----	-----	61
1873	48	-----	-----	-----	-----	-----	-----	48
1874	62	-----	-----	-----	-----	-----	7	69
1875	151	-----	-----	-----	-----	-----	-----	151
1876	1,283	-----	-----	-----	-----	-----	-----	1,283
1877	557	-----	-----	-----	-----	-----	-----	557
1878	2,464	-----	180	-----	-----	-----	214	2,868
1879	3,652	-----	419	-----	-----	-----	478	4,549
1880	2,422	-----	332	-----	-----	-----	793	3,547
1881	3,898	-----	840	-----	-----	615	245	5,598
1882	1,367	-----	2,356	183	-----	-----	21	3,927
1883	4,295	-----	3,812	826	-----	-----	329	9,262
1884	2,693	-----	1,532	18	-----	-----	120	4,363
1885	2,924	1,946	278	25	-----	-----	21	5,194
1886	338	979	467	-----	-----	-----	-----	1,784
87-88 ²	-----	1,429 ²	239 ²	-----	-----	-----	-----	1,668 ²
88-90 ²	-----	7,310 ²	343 ²	-----	-----	-----	-----	7,656 ²
90-92 ²	431 ²	9,511 ²	-----	-----	-----	-----	-----	9,942 ²
92-94 ²	95 ²	6,095 ²	-----	-----	-----	-----	-----	6,190 ²
1894 ³	-----	1,486 ³	-----	-----	-----	-----	-----	1,486 ³
95-97 ²	5,241 ²	6,454 ²	-----	227 ²	-----	-----	-----	14,972 ²
1898	-----	9,768	-----	-----	372	-----	-----	10,090
1899	24	19,908	337	-----	-----	-----	-----	20,269
Total	33,605	65,034	10,835	1,279	372	615	2,444	114,184

¹ Immigration of Chinese into the islands under the Royal Hawaiian Agricultural Society was as follows: 1852, 293; 1853, 64; 1854, 12; 1855, 61; 1856, 23; 1857, 14; 1858, 13; 1859, 171; 1860, 21; 1861, 2; 1862, 13; 1863, 8; 1864-9.

² Two years.

³ Nine months.

TABLE B

NUMBER AND NATIONALITY OF LABORERS ON PLANTATIONS

1886	Men		Women	Children	Total
	Contract	Free			
Hawaiian	1,319	817	119	-----	2,255
Portuguese	1,846	609	444	182	3,081
Japanese	1,691	24	234	-----	1,949
Chinese	863	4,736	6	-----	5,605
German	194	66	67	-----	327
Norwegian	4	46	2	-----	52
Islanders	337	57	80	-----	474
Total	6,254	6,355	952	182	13,743
1896					
Hawaiian	399	1,186	30	-----	1,615
Portuguese	375	1,466	116	311	2,268
Japanese	6,497	5,518	878	-----	12,893
Chinese	4,374	1,915	-----	-----	6,289
Islanders	60	55	-----	-----	115
Germans	-----	169	-----	-----	169
Other nationalities	-----	117	-----	-----	117
Total	11,705	10,426	1,024	311	23,466
1899					
Hawaiian	163	1,125	38	-----	1,329
Portuguese	153	1,618	130	252	2,153
Japanese	17,547	5,741	2,366	-----	25,654
Chinese	2,768	3,201	-----	-----	5,969
Germans	-----	138	-----	-----	138
Scandinavians	-----	37	-----	-----	37
Austrians	-----	189	-----	-----	189
Other nationalities	-----	66	-----	-----	66
Total	20,631	12,115	2,534	252	35,184

1901	Total
Hawaiian	1,460
Portuguese	2,417
Japanese	27,531
Chinese	4,976
Porto Ricans	2,095
South Sea islanders	46
Other Nationalities	1,046
Total	39,587

TABLE C

PRODUCTION OF HAWAIIAN SUGAR PLANTATIONS IN POUNDS

1837-----	4,286	1870-----	18,783,639
1838-----	88,543	1871-----	21,760,773
1839-----	100,000	1872-----	16,995,402
1840-----	360,000	1873-----	23,129,101
1841-- (6 months)-----	60,000	1874-----	24,566,611
1842-----	1,145,010	1875-----	25,080,182
1843-----		1876-----	26,072,429
1844-----	513,684	1877-----	25,575,965
1845-----	302,114	1878-----	38,431,458
1846-----	300,000	1879-----	49,020,972
1847-----	594,816	1880-----	63,584,871
1848-----	499,533	1881-----	93,789,483
1849-----	653,820	1882-----	114,177,938
1850-----	750,238	1883-----	114,107,155
1851-----	21,030	1884-----	142,654,923
1852-----	699,170	1885-----	171,350,314
1853-----	642,746	1886-----	216,223,615
1854-----	575,777	1887-----	212,763,647
1855-----	289,908	1888-----	235,888,346
1856-----	554,805	1889-----	242,165,835
1857-----	700,556	1890-----	259,789,462
1858-----	1,204,061	1891-----	274,983,580
1859-----	1,826,620	1892-----	263,636,715
1860-----	1,444,271	1893-----	330,822,879
1861-----	2,562,498	1894-----	306,684,993
1862-----	3,005,603	1895-----	294,784,819
1863-----	5,292,121	1896-----	443,569,282
1864-----	10,414,441	1897-----	520,158,232
1865-----	15,318,097	1898-----	444,963,036
1866-----	17,729,161	1899-----	545,370,537
1867-----	17,127,187	1900-----	344,531,173
1868-----	18,312,926	1901-----	690,882,132
1869-----	18,302,110		

TABLE D.

TABLE SHOWING WAGES OF CONTRACT LABORERS ON WAILUKU
PLANTATION FROM 1868 TO JUNE 14, 1900.

<i>Year</i>	<i>Hawaiians.</i>	<i>Chinese.</i>	<i>South Sea Islanders.</i>
1868-----	\$ 8.00 and \$10.00 per mo.		
1869-----	8.00 " 10.00 "		
1870-----	8.00 " 10.00 "		
1871-----	8.00 " 10.00 "	\$15.00 per mo.	
1872-----	8.00 " 10.00 "	15.00 "	
1873-----	8.00 " 10.00 "	15.00 "	
1874-----	8.00 " 10.00 "	15.00 "	\$15.00 per mo.
1875-----	9.00 " 10.00 "	15.00 "	15.00 "
1876-----	9.00 " 10.00 "	14.00 "	14.00 "
1877-----	9.00 " 10.00 "	14.00 "	
1878-----	10.00 to 13.00 "	14.00 "	
1879-----	10.00 " 13.00 "	17.50 "	
1880-----	10.00 " 13.00 "	17.50 "	16.00 to \$18.00 "
1881-----	12.00 " 15.00 "	15.50 "	16.00 " 18.00 "
1882-----	13.00 " 16.00 "	15.50 "	16.00 "
1883-----	15.00 " 16.00 "	15.50 "	16.00 "
1884-----	13.00 " 16.00 "	15.50 "	13.00 " 14.00 "
1885-----	13.00 " 15.00 "	15.00 "	13.00 " 14.00 "
1886-----	13.00 " 15.00 "	15.00 "	13.00 " 14.00 "
1887-----	13.00 " 15.00 "	15.00 "	15.00 "
1888-----	13.00 " 15.00 "	15.00 "	15.00 "
1889-----	14.00 " 16.00 "	17.00 "	14.00 " 15.00 "
1890-----	14.00 " 16.00 "		14.00 " 15.00 "
1891-----	14.00 " 16.00 "		14.00 " 15.00 "
1892-----	14.00 " 16.00 "		14.00 " 15.00 "
1893-----	13.00 " 15.00 "		
1894-----	12.00 " 13.00 "		
1895-----	11.00 " 12.00 "		
1896-----	11.00 " 12.00 "		
1897-----	11.00 " 12.00 "		
1898-----	11.00 " 12.00 "		
1899-----	11.00 " 12.00 "		

NOTES—All laborers furnished house, wood, water, medical attendance, taxes.

Natives received a bonus for contracting one year \$15.00; two years \$25.00.

TABLE D—Continued.

TABLE SHOWING WAGES OF CONTRACT LABORERS ON WAILUKU
PLANTATION FROM 1868 TO JUNE 14, 1900.

Year.	Portuguese.	Spanish.	Norwegian.	Japanese.
1868				
1869				
1870				
1871				
1872				
1873				
1874				
1875				
1876				
1877	\$14 per m.			
1878	14 "			
1879	18 "			
1880	18 "	\$18 per m.		
1881	18 " and board	18 "	\$9 and b'd pr. m.	
1882	9 " "	18 " "	9 " "	
1883	8 " "	18 " "	9 " "	
1884	8 " "	18 " "		
1885	8 " "			{ \$16.00 per m.
1886	18 " "			{ 9.00 and b'd "
1887	9 " "			{ \$16.00 "
1888	8 " "			{ 9.00 and b'd "
1889	17 to 19 " "			
1890	9 and board			{ \$15.00 to 16.00 "
1891	8 " "			{ 9.00 and b'd "
1892	17 to 19 " "			
1893	9 and board			
1894	8 " "			
1895	17 to 18 " "			
1896	18 " "			
1897	18 " "			\$15.00 to \$17.00 "
1898	17 " "			15.00 " 17.00 "
1899	17 " "			16.00 "
	17 " "			12.00 "
				12.50 to 13.50 "
				12.50 " 13.50 "
				12.50 " 13.50 "
				12.50 " 13.50 "
				13.50 " 15.00 "

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THE INCOME TAX

IN THE

Commonwealths of the United States

BY

DELOS O. KINSMAN, PH. D.

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PREFACE

In the preparation of this monograph I have had chiefly in mind students of finance. Still it is hoped that the work may prove of value to legislators, and of interest even to the casual reader. The history of the income tax in the commonwealths is first presented in considerable detail, because the data regarding the tax have been widely scattered heretofore, and in order that the reader may have the basis on which the conclusions of the monograph rest. The last chapter is recommended to those who wish only the general statements regarding the tax, and the conclusions of the study.

As laws are so often passed and repealed without appearing in the revised statutes, this work has been based upon a careful examination of the session laws passed in each state from the time it entered the Union until the present time. Further, the court reports, financial reports, governors' messages, state constitutions, and various other sources of material have been examined. Only a limited use has been made of secondary authorities.

I am greatly indebted to a large number of individuals for assistance rendered in the preparation of this monograph. I am under special obligations to the governors, state treasurers, comptrollers and other officers in those states in which the income tax has been levied, and particularly is this true of the officers

in those states where the tax is levied at the present time. To the several persons who have read the manuscript and offered many valuable suggestions, I wish to express my gratitude.

I can not close without a plea for a more careful study of the financial systems of our states. A better knowledge of them would certainly prevent the repetition of many costly experiments.

DELOS O. KINSMAN.

Whitewater, Wis.,

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CHAPTER I

THE INCOME TAX IN THE COLONIES¹

The history of the income tax in the commonwealths of the United States covers a period of more than two hundred and fifty years. In this monograph it is the purpose to study in detail the income tax² in each of the commonwealths employing it, and to present the conclusions which these facts seem to warrant.

The history may be divided into two periods. The first, that of the "faculty" tax, closed about 1825. It was characterized by a loose method of determining the taxpayer's ability, the levy being made upon an estimated or assumed income of the individual. The second period, that of the income tax proper, continuing to the present time, has been characterized by the attempt to assess and tax the exact income of the individual. Our study is concerned principally with the second period. But as a number of the principles employed in the second period were introduced in the first, it will be necessary, by way of introduction, to examine this earlier period.

THE NEW ENGLAND COLONIES

Massachusetts.—The New England colonies were the first to levy the faculty tax. As early as 1634 the general court of Massachusetts Bay ordered that

¹ Professor E. R. A. Seligman's valuable article on this subject in the *Political Science Quarterly* for June, 1895, has been used extensively in the preparation of this chapter.

² For our purpose we shall define an income tax as a tax directed against the income of *individuals*, and employing as the basis of assessment either the *exact* or the *approximate* income.

"in all rates and public charges the towns should have respect to levy every man according to his estate, and with consideration of all other his abilities whatsoever and not according to the number of his person."¹ The pilgrims of New Plymouth, early recognizing the unfairness of the property tax, supplemented it with the faculty tax in 1643. The law of that year distinguished between visible property and faculty, designating the latter as an independent source of taxes. It required each town to choose by ballot three or four men who should rate all the inhabitants "according to their estates or faculties; that is, according to goods, lands, improved faculties, and personal abilities."² In 1658 a new law provided that all rateable persons "should be rated according to their visible estates and faculties; that is, according to their faculties and personal abilities."³ This provision was repeated in the act of 1665.⁴ In 1689 the law was so changed as to require fixed valuations for visible property, while the valuations of "faculties and personal abilities" were to be determined "at will and doom."⁵

From the first the legislation of the colony of Massachusetts Bay was more explicit. By a law of November 4, 1646, the faculty tax was added to the existing property and poll taxes. Every laborer, artificer, and handicraftsman who made in summer 18 pence or

¹ Records of the colony of Massachusetts Bay in New England, vol. I, p. 120.

² Laws of New Plymouth, 1623-82, Pulsifer's ed., XI, p. 42.

³ Plymouth colonial records, XI, p. 142.

⁴ Records of the colony of New Plymouth, Pulsifer's ed., XI, p. 211.

⁵ Plymouth colonial records, VI, p. 221.

more a day was required to pay annually 3 shillings 4 pence into the treasury over and above the 20 pence poll tax; and all other persons, such "as smiths of all sorts, butchers, bakers, cooks, victuallers," were to be rated according to their "returnes and incomings," "proportionable to the product of the estates of other men." The law exempted all persons unable to pay the tax on account of sickness, lameness, or other infirmity.¹ In the following year the tax of 3 shillings 4 pence was removed from laborers, artificers, and handicraftsmen, but was continued upon persons engaged in the arts and trades. In this form the law remained until the union in 1692.

The union of the colonies into the province of Massachusetts brought no important change in the tax system. Two acts were passed at once; one requiring that all estates, real and personal, be taxed according to yearly "value or income," and the other, that "every handicraftsman be assessed for his income determined by the rule of common estimate at the best discretion of the assessor."² In 1695 the tax upon handicraftsmen was fixed at "4 pence on the pound for his income;"³ four years later it was lowered to one penny on each pound of income derived from any "trade or faculty."⁴ In 1697 the assessors were required to place in a distinct column the amount each person was assessed on his personal estate and faculty by his trade or faculty.⁵ This pro-

¹ Colonial records of Massachusetts Bay, II, pp. 173-74.

² Acts and resolves of the province of Massachusetts Bay, 1692-93, chap. 41, sec. 1.

³ Acts and resolves of the province of Massachusetts Bay, 1695-96, chap. 6, sec. 4.

⁴ Acts and resolves of the province of Massachusetts Bay, 1699-1700, chap. 27, sec. 1.

⁵ Acts and resolves of the province of Massachusetts Bay, 1697, chap. 23, sec. 1.

vision was repeated in 1700.¹ The evident purpose was to ensure greater care in the assessment.

In 1706 it was provided that the tax should be levied only upon such income as was derived from any trade or faculty, exercised by any person, or from other estate not otherwise assessed.² In 1738 an effort was made to make the law more definite and more general in its application. It was now required that "the income or profit received by any person from any trade, faculty, business, or employment whatsoever, and all profits which may or shall arise by money or other estate not particularly otherwise assessed, or commissions of profit in their improvement according to their understanding and cunning should be taxed at one penny on the pound to abate or multiply the same, if needs be, so as to make up the sum hereby set and ordered for such town or district to pay."³

With but slight changes in the rate this law continued until 1777, when it was so modified as to approach still more closely its modern form. The taxpayer was made subject to a tax on the amount of his income received from any profession, faculty, handicraft, trade, or employment. A similar tax was levied upon all incomes and profits gained by domestic or other trade.⁴ The following year the assessors were required in assessing the income and profit to take into consideration the way in which the income and profit were made and to assess them at such rates as they on oath judged

¹ Acts and resolves of the province of Massachusetts Bay, 1700-1, chap. 13, sec. 1.

² Acts and resolves of the province of Massachusetts Bay, 1706-7, chap. 6, sec. 2.

³ Acts and resolves of Massachusetts Bay, 1738-39, chap. 1, sec. 14.

⁴ Acts and resolves of Massachusetts Bay, 1777-78, chap. 13, sec. 2.

to be just and reasonable, provided they did not assess such income and profit at more than five times the amount in other kinds of estates.¹ In 1780 the assessors were permitted, in case they saw fit, to assess such income at ten times the same amount in other kinds of estates.² The first state constitution, adopted in 1780, provided that the public charges should be assessed "on polls and estates in the manner that had hitherto been practical," and consequently the law continued in force.

Throughout the colonial period the assessment and collection of the faculty tax was generally made by the same officials and at the same time as the property and poll taxes. It is impossible to ascertain the amount yielded by the tax, as the receipts from it were not separated from those from other sources.

The early colonists of Massachusetts recognized the fundamental principle of taxation, that each should contribute according to his ability. They saw that this ability could best be measured by income and that the attempt to reach income through the sources from which it is derived touched only material sources, thus permitting the escape of many and distributing the burden of the tax unequally among the remainder. Accordingly, the ability of the farmer was measured by the annual product of his land and the ability of the tradesman or laborer by his income. Although the method employed in measuring the income was faulty, seldom more than a rough estimate being made, and this often by the assessor himself, nevertheless an effort was clearly made to reach income and to make it the basis of taxation. During this period Massachusetts developed the tax from an indefinite, uncertain levy upon "faculty"

¹ Acts and resolves of Massachusetts Bay, 1779-80, chap. 12, sec. 2.

² Acts and resolves of Massachusetts Bay, 1779-80, chap. 30, sec. 2.

to a tax upon wages and profits. Indeed, the law had become so definite that since 1780 it has received but little modification.

Connecticut followed the plan of *Massachusetts*. In 1648, as a result of dissatisfaction due to inequalities of taxation, the colony of New Haven appointed a committee to consider the advisability of modifying the system.¹ This committee investigated the *Massachusetts* system, and, while expressing doubt as to the desirability of taxing houses and household goods, thought the method of taxing tradesmen an effective one, and recommended it for *Connecticut*. As a result a law taxing the income of tradespeople was enacted in 1649. It also provided that due consideration be given to the permanency of employment and the standard of comfort.² In the following year the instructions for assessing property, copied verbatim from the *Massachusetts Bay* law of 1646,³ required the faculty tax to be levied on all "manual persons and artists." It remained in force until near the beginning of the eighteenth century, when legislation took a more independent form in *Connecticut*. It was now provided that "all persons who by their acts and trades are advantaged, shall be rated in the list proportionable to their gains and returns." This was made to include butchers, bakers, and all other artisans, tradesmen, and shopkeepers.⁴

However, the different methods of computing income employed by the assessors caused much trouble, and various attempts were made to correct the evil. In 1771, for instance, the law provided that: "all traders

¹Records of the colony and plantation of New Haven, vol. I, p. 448.

²Records of the colony and plantation of New Haven, vol. I, p. 494.

³Colonial records of *Connecticut*, I, p. 549.

⁴Acts and laws of *Connecticut* (New London, 1715), p. 100.

by wholesale, tradesmen, artificers, tavern-keepers and others by law rateable on account of their faculty or business, shall be rated in the list to the amount of their annual gains, incomes or clear profits by means of the business, according to the best estimate that can be made thereof by the listers, who shall assess such traders, tradesmen, etc., by their best discretion, agreeable to the rules already laid down. But when it appears that any person has been unsuccessful or sustained considerable losses in trade the listers may make proper abatement for the same. And if any person shall be assessed by the listers for any of the matters aforesaid more than at the rates aforesaid, upon proof thereof, by oath or otherwise, to the satisfaction of the listers, or authority and selectmen, who have right by law to grant relief, such overcharge may be abated.”¹ This provision was retained without substantial change until its repeal in 1819.

The tax was described by Wolcott in 1796 as one assessed in proportion “to the estimated gains or profits arising from any and all lucrative professions, trades and occupations, excepting compensations to public officers, the profits of husbandry and common labor for hire.”² The total assessed value of such incomes in Connecticut in the year 1795 was a little over \$300,000.³ The principle underlying the Connecticut tax system was well summarized by the Connecticut tax commission of 1887: “Connecticut from her earliest history had followed the plan of taxing incomes rather than property. Those pursuing any trade or profession were assessed on an estimate of their annual gains. Real estate was rated not according to its value but in proportion to the an-

¹ Colonial records of Connecticut, 1768-72, vol. XIII, p. 513.

² American state papers, Finance, vol. I, p. 423.

³ American state papers, Finance, vol. I, p. 454.

nual income which, on the average, it was deemed likely to produce. Land was put into the list at a fixed rate for each kind, not because these sums were deemed to be the value of the land, but because they were thought to represent the average income they would produce."¹

Rhode Island, like Massachusetts and Connecticut, recognizing at an early date the injustice of the property tax when used alone, attempted to supplement it by the taxation of faculty or income. Her efforts, however, were less persistent than those of the other two colonies, and the tax was primitive and of comparatively short duration. The first attempt to levy a faculty tax was made in 1673,² when the assembly declared that, for the sake of justice, the tax ought to be assessed not alone according to property, but partly according to the "faculty" or "profit and gains" of individuals. A later act provided that three able and honest men should be chosen in each town to "take the view of each of their inhabitants," and they were directed when assessing the merchants and tradesmen "to make this part of the rate according to the yearly profit."³ For over half a century the law remained substantially in this form; in 1744 the assessors were still required to "consider all persons who made profit by their faculties and rate them accordingly."⁴ But the law appears soon to have fallen into disuse, no mention being made of it in the revised laws of 1766.

New Hampshire also had a faculty tax, but her expe-

¹ Report of the special commission of Connecticut on taxation, 1887, pp. 9-10.

² E. R. A. Seligman in *Political Science Quarterly*, June, 1895.

³ Colonial records of Rhode Island, vol. III, p. 301.

⁴ Acts and laws of His Majesty's colony of Rhode Island and Providence plantations, p. 295.

rience, like that of Rhode Island, was limited and unsatisfactory. In 1719 the selectmen were instructed to assess the inhabitants "according to their known ability and estate."¹ In 1739 the form of the law was changed and the assessors were directed to "assess the polls and estates of the inhabitants, each according to his ability."² In 1772 a provision was introduced requiring each person's "faculty" to be estimated at the discretion of the assessor, though the amount could in no case exceed twenty pounds.³ By the close of the century the tax had disappeared, no mention of it being made in the tax law of 1794, although some forms of property were still rated at a certain per cent of their net income.⁴

Vermont followed the example of the other New England colonies, though her experience was later than theirs, beginning in 1778 and extending to about the middle of the nineteenth century. The first act which requires notice here provided "that all allowed attorneys at law in the commonwealth should be set in the annual list for their faculties, the least practitioner fifty pounds, and the others in proportion, according to their practice, to be assessed at the discretion of the listers of the respective towns where the attorneys live during their practice as such. All tradesmen, traders and artificers shall be rated in the lists proportionable to their gains and returns."⁵ This act was not changed until Vermont became a state, when it was so modified that attor-

¹ Acts and laws of His Majesty's province of New Hampshire, 1761, p. 30.

² Acts and laws of His Majesty's province of New Hampshire, 1761, p. 180.

³ Laws of 1772, act of January 2.

⁴ American state papers, Finance, vol. I, p. 419.

⁵ Laws of Vermont, 1779.

neys were also taxed "proportionable to their gains according to the best judgment of the listers."¹ Appeal was allowed to a justice of the peace and two selectmen of the town for a final decision.²

In 1797 the scope of the tax was materially extended and it was provided that all "licensed attorneys, practitioners of physic or surgery, merchants, traders, owners of mills, mechanics and all other persons who gain their livelihood by buying, selling or exchanging, or by other traffic not in their regular channel of mercantile life" should be taxed in proportion to the gains of their respective professions, employments, or businesses, according to the best discretion and judgment of the listers.³ The law remained in this form until 1825, when limits were set to the amount chargeable. This varied with the different sources of income; professional men, such as physicians, surgeons, and lawyers, were to be listed at not less than ten dollars or more than three hundred dollars, merchants and traders between fifteen dollars and six hundred dollars, manufacturers and mechanics at sums not to exceed one hundred dollars, "according to the best discretion of the listers."⁴ After being tried in this form for sixteen years the law in 1841 disappeared from the statute books. In the following year the tax upon physicians, surgeons, and lawyers was revived⁵ and remained in force until 1850.⁶ No subsequent attempt has been made to tax incomes.

¹ Laws of Vermont, 1791, p. 266.

² American state papers, Finance, vol. I, p. 418.

³ Compilation of laws of 1797, p. 565.

⁴ Laws of Vermont, 1825, chap. IX, p. 13.

⁵ Laws of Vermont, 1842, chap. I, p. 5.

⁶ Laws of Vermont, 1850, chap. 39, p. 28.

THE MIDDLE COLONIES

New York.—Although the faculty tax was levied by all the middle colonies at some time during their history, their experience was limited compared with that of the New England colonies. A New York law of 1778 provided that the assessors, after administering an oath to any person in their district whom they knew or suspected to have gained by "trade, merchandise, traffic or manufactory" one thousand pounds or upwards since September 12, 1776, should ask such person the amount thus gained; and that for each one thousand pounds so gained, a tax of fifty pounds should be levied over and above the one penny and a half assessed upon the personal estate.¹ This appears to have been the only attempt made to assess income of any kind.

New Jersey, likewise, made but one brief attempt to tax incomes. In 1684 an act was passed empowering the assessors to tax all freemen engaged in business for profit upon the amount received "according to the discretion of the assessors."² This attempt to reach profits was never again mentioned in the statutes.

Delaware at a very early period levied a tax, apparently on income from land as well as from other sources. Three exemptions were made—the income received by persons who had not been six months free from servitude, by persons under twenty-one years of age, and that received from uncultivated land. Wolcott informs us that in 1796 the rate of taxation had been fixed for a considerable period at one-fifth of the annual income. It was not until 1796 that a tax was levied expressly

¹ Laws of New York, 1778, first session, chap. 17, act of March 28.

² Laws of New Jersey, 1664-1702, Leaming and Spicer, p. 494.

upon faculty. This tax was primarily upon profits, the law providing that the assessors ascertain "the stock of merchants, tradesmen, mechanics and manufacturers for the purpose of regulating assessments upon such persons in proportion to their gains and profits."¹ This law appears to have been repealed after a short trial.

Maryland, during the colonial period, relied almost wholly on poll taxes for her revenue. She made no use of the faculty tax until the adoption of her state constitution in 1777, when a law was passed which in some respects differed from any of those previously enacted. New England had made a special effort to tax tradesmen; New York and New Jersey had tried to reach profits; Maryland attempted to reach those receiving professional incomes and salaries. This law required that in addition to the tax upon property, a tax of one-quarter of one per cent should be levied on the "amount received yearly" by "every person having any public office of profit or annuity or stipend" and on "the clear yearly profit" of "every person practicing law or physic, every hired clerk acting without commission, every factor, agent or manager trading or using commerce in this state."² In 1779 the tax was increased to two and a half per cent,³ but in 1780 the tax was abolished.

Pennsylvania, like Maryland, waited until late in her history before trying the faculty tax. The first attempt to levy it was in 1782, when a law was passed bearing a resemblance to that of Maryland passed five years before. It required that "all offices and posts of profit, trades, occupations and professions (excepting ministers and schoolmasters) shall be rated at the discretion of the

¹ American state papers, Finance, vol. I, p. 429.

² Maryland laws, 1777, chap. 22, secs. 5, 6.

³ Maryland laws, 1779, chap. 35, sec. 48.

township, ward or district assessors and two assistant freeholders of the proper township, ward or district, having due regard to the profits arising from them." ¹ In 1785 mechanics and manufacturers were added to the exempted class and maximum and minimum limits were fixed for the tax upon each trade or profession. The law went into minute detail and left but little room for the discretion of the assessors. ² It remained in this form until 1799, when mechanics and manufacturers were again taxed, ³ and finally in 1817 it was extended to ministers and schoolmasters. ⁴

THE SOUTHERN COLONIES

Virginia.—But two of the southern colonies had any experience with the faculty tax. At the October session of the Virginia legislature of 1777 ⁵ an act was passed instructing each assessor to assess not only real and personal property but also to require each taxable person to state under oath the amount of "interest received which should become due after the passage of this act on debts bearing interest, and all annuities (except a publick provision for wounded soldiers and their families)." It was further provided that each assessor should "require all persons in his hundred having publick salaries to render an account of the amount thereof and all persons holding offices of profit (except military and sea officers in respect of their employments) and residing in their hundred, to render an account upon oath to the

¹ Laws of Pennsylvania, Dallas, vol. II, p. 8.

² American state papers, Finance, I, p. 428.

³ Laws of Pennsylvania, vol. III, chap. 2081.

⁴ Laws of Pennsylvania, vol. VI, chap. 4300, p. 397.

⁵ Hennings' Statutes at large, vol. IX, pp. 353-354.

best of their knowledge of the neat annual income of such office." Each individual was required to keep a distinct account of his "neat" income. The act fixed the tax on interest at two shillings on each pound, and that on salaries at ten shillings on each hundred pounds.¹

Although it was provided that this act should remain in force for seven years, it was found by the next year that it furnished insufficient revenue and the tax rate was changed. The rate on real estate and personal property was raised and at the same time the tax on income was increased to "four shillings for every pound of the amount of the annuities" and "twenty shillings for every hundred pounds of the neat income of all offices of profit."² This was to continue in force for six years, but in 1782, when the revenue laws were revised and combined into a single act, the tax upon income was dropped.³ However, in 1786 it was provided that the clerks of various state and local courts should be subject to a tax equal to one-third their annual income received in the form of fees;⁴ but this provision, in turn, remained in force only four years. With its repeal in 1790,⁵ Virginia's experience with the faculty tax closed.

South Carolina, like Massachusetts, evolved the income tax directly from a colonial faculty tax, presenting an experience in the taxation of incomes unbroken from colonial times to the present, with the exception of twenty-nine years, 1868-1897. The faculty tax was first levied in 1701, when the law required the inhabitants to be taxed according to their estates, stocks, and abilities or the profit made from any public office or

¹ Hennings' Statutes at large, vol. IX, p. 350.

² Hennings' Statutes at large, vol. IX, p. 548.

³ Hennings' Statutes at large, vol. XI, p. 112.

⁴ Hennings' Statutes at large, vol. XII, p. 284.

⁵ Hennings' Statutes at large, vol. XIII, p. 114.

employment.¹ Two years later the wording was changed so as to tax the inhabitants on their "estates, goods, merchandise, stocks, abilities, offices and places of profit," of whatever kind or nature.² In this form the law continued in force for over fifty years. In 1758 it was again changed so as to require store-keepers as well as practicing physicians and surgeons living in the country to be rated by the assessors in the several parishes where they lived "for their stock and trade and the profits of their professions at the rate of eighteen shillings for every one hundred pounds upon the full value of their profits."³ Two years later, however, the old law of 1703 with some modifications was reenacted. It levied a tax of "six pence per cent on the profits of all faculties, professions (except the clergy), factorage and handicraft trades throughout the province to be ascertained and rated by the several assessors and collectors according to the best of their knowledge and information."⁴ This law was still in force when the first constitution was adopted in 1776.

Such are the facts relative to the faculty tax, and we may now properly ask what they show. It is noteworthy that of the fourteen colonies (including Vermont), twelve employed the tax, and it was looked upon by all as supplementary to the property tax. Four of the colonies employed the tax during the seventeenth century, twelve during the eighteenth, and five or six, after becoming states, continued its use into the nineteenth century.

The tax took various forms in the different colonies, but all agreed in trying to reach either profits or wages

¹ South Carolina statutes at large, Cooper, vol. II, p. 36.

² South Carolina statutes at large, Cooper, vol. IV, p. 366.

³ South Carolina statutes at large, Cooper, vol. IV, p. 58.

⁴ South Carolina statutes at large, Cooper, vol. V, p. 129.

or both. A comparative study shows that nine taxed profits as such ; seven, professional incomes ; five, wages ; and four, salaries ; while five tried to reach both by placing a tax upon all income derived from trades. In general it may be said that the New England colonies were especially concerned in taxing income from trades ; the middle colonies, particularly New York, New Jersey, and Delaware, with the taxation of profits ; and the southern colonies with the taxation of incomes from personal services. In fixing the income to be taxed, four of the colonies allowed exemptions.

The essential point in which the faculty tax differed from the later income tax was in the method of assessment. As a rule the faculty tax was an estimated tax, whereas the income tax proper has been, in theory at least, a tax upon the actual income of individuals. The most superficial examination reveals the fact that the faculty tax underwent an important evolution in the colonial period, developing from a vague, indefinite effort to tax personal ability to a definite, well-defined tax directed against income from wages and profits. It constituted, therefore, a fitting basis upon which to build the later income tax.

As to the general administration of the faculty tax in the colonies, it must be admitted that, with the possible exceptions of Massachusetts, Connecticut, Vermont, Pennsylvania, and South Carolina, the tax was levied with considerable laxness. This does not necessarily prove it to have been inherently bad, for it must be remembered that the colonists had an unusual aversion to tax-paying, and employed other means of raising revenue whenever possible.¹

¹ See R. T. Ely, *Taxation in American states and cities*, part II, chaps. 1 and 2.

CHAPTER II

THE INCOME TAX IN THE NEW ENGLAND STATES

Massachusetts, since becoming a state, has followed a comparatively settled policy with reference to the income tax. The law in force in 1780, when the first state constitution was adopted, providing for the taxation of incomes from professions, faculties, handicrafts, trades, and employments and that received in the form of profits, remained unchanged until 1821. At that time the words "faculty" and "profits" were omitted,¹ but this, it seems, did not affect the scope of the tax. In 1836 the law was again modified. The word "handicraft" was dropped and income from annuities the capital of which was taxed in the state was exempted from taxation.² Before the law was again changed the subject of the income tax was brought before the courts. In 1845 clerks in various postoffices in the state attempted to escape payment of the tax on the ground that they were appointed, to all intents and purposes, by the postmaster-general, but the supreme court of the state declared against them.³ During the same year an attempt was made to tax certain forms of income at their source. Had it been successful it might have had a far-reaching effect. The city of Boston ordered the Boston Water Power Company to pay a tax on so much of its income as was each year divided among the individual stockholders. The company refused and the case was carried up to the supreme court, which rendered a decision in favor of the company.⁴

¹Laws of 1821, chap. 107, sec. 2.

²Revised statutes, 1836, chap. 7, sec. 4.

³Nathaniel Melcher *vs.* city of Boston, 9 Metcalf, 73.

⁴Boston Water Power Co. *vs.* city of Boston, 9 Metcalf, 199.

In 1849 the legislature so changed the law as to allow the exemption of a fixed sum. It was provided that only that part of the income from any profession, trade, or employment in excess of \$600 per annum should be construed as personal property for the purpose of taxation, and that no income should be taxed which was derived from property or estate at the time subject to taxation.¹ This act was not in operation long before it, too, was carried before the courts. In 1856 the supreme court held that the income received by inhabitants of the state from stocks of foreign corporations held by trustees for such individuals was not subject to the income tax.² This furnished a means of escape to those willing to invest in corporate stock. The legislature made no further changes in the law until 1866, when the exemption was increased from \$600 to \$1000.³ In 1870 a decision of considerable significance was handed down. With the hope that income derived from a business enterprise would be regarded as "derived from property subject to taxation," and therefore exempt from the tax, a case involving that point was carried to the supreme court, which, however, declared that incomes from trade must be regarded as derived from skill and therefore not "derived from property subject to taxation within the meaning of the general statute." In consequence the profits of a merchant were taxable, though at the same time he was taxed on his stock in trade.⁴

This decision was regarded by many as unjust, and

¹ Laws of 1849, chap. 149.

² *Susan Dorr vs. city of Boston*, 6 Gray, 131.

³ Laws of 1866, chap. 48.

⁴ *Wilcox vs. county commissioners of Middlesex*, 103 Massachusetts,

was the cause of active opposition to the law. In 1871 a bill was introduced into the lower house providing for the repeal of the tax. This bill failed to pass,¹ and a second with the same object met a like fate.² A third, which attempted a compromise by raising the exemption to two thousand dollars, received similar treatment.³ When the legislature met in 1873 another determined and interesting effort was made. This time the opponents wisely tried the upper house of the legislature. Although in January of 1873 they succeeded in getting the senate committee on the judiciary to report favorably a bill providing for the abolition of the income tax,⁴ it did not find smooth sailing even in the senate. Two weeks later a suggested compromise raising the exemption so that large incomes could not entirely escape passed unheeded. After a week of exciting debate the bill was passed by a vote of twenty-three to nine.⁵ The discussion was taken up by the papers. The *Boston Daily Advertiser* for February 11 editorially expressed the hope that the unjust imposition would be abolished, and presented the common arguments against the tax. The editorial declared that the law was differently interpreted and administered in different places, that it was invariably unjust, resulting in double taxation, and closed with the significant question, "Where in the history of the world is a more unjust system of taxation to be found?"⁶

¹ Legislative documents, House, 1871, bill No. 224.

² Legislative documents, House, 1871, bill No. 292.

³ Legislative documents, House, 1871, bill No. 284.

⁴ *Boston Daily Advertiser*, February 1, 1873; also *Boston Journal*, February 1, 1873.

⁵ *Boston Daily Advertiser*, February 14, 1873.

⁶ The full text of the editorial is as follows: "There is some prospect, we are glad to say, that the unjust imposition will be abolished. Much of the discussion in the Senate last week turned on the gross

Two days after the bill passed the senate (February 15) it was received by the lower house, where¹ it finally died in committee. A few weeks later (May 5) the inequalities growing out of the different modes of assessing and neglecting to assess the tax in different places. The difficulty of establishing any uniform principle for the assessment of this tax is certainly a very strong objection to it. Another not less so is its invariable injustice. Our law enumerates among the subjects of taxation "so much of the income from a profession, trade or employment" as exceeds \$1,000 a year. The incomes which have been assessed under this law are of two kinds—one, the earnings of capital employed in business (whether this is a true construction of the statute is very doubtful), the other, earnings of the personal exertions of professional men and others involving the use of little or no capital. Many persons spend all their earnings of a given year by the time the year is ended in supporting themselves and families; most persons spend the greater portion of their earnings in the same period, and comparatively few save more of their earnings than they spend. It necessarily happens that before the day for assessing incomes arrives most of those rated have used up their incomes for family expenses or otherwise. If a fair proportion of every man's income could, by any device, be withdrawn from his possession just as it enters his pocket, it would be almost as agreeable if not a fair mode of raising a revenue. But to call on a person who has nothing left as the result of a year's labor, to give a portion of his non-existent income to the public as if it were a reality, reminds one of the old system of imprisoning luckless debtors who had no property, which was formerly one of the glories of the law.

"Many successful men, however, save more or less of their earnings which on the first of May appear either as cash on hand, real estate, shares in corporations, merchandise, money lent, or other subjects of taxation. Then these unfortunates are taxed once for their incomes and again for the investments of the same. This legerdemain of assessing the same thing twice over, by giving it two names, would be a good reason for Turkey. If A earns \$6,000 a year and invests \$5,000 of it in a house, which he holds at the year's end, or has the money on hand at that time, he is assessed \$5,000 on his income and another \$5,000 on his house or on his cash, while B, who has a legacy of the same amount and buys a house with it is taxed only for the house. Where in the history of the world is a more unjust system of taxation to be found? If a man has spent his income he is taxed, though he has nothing left to pay; if he keeps it in cash or investments then he is taxed twice the amount of it. But in either case he is taxed for something which he has not got."

¹ *Boston Daily Advertiser*, February 17, 1873; *Boston Journal*, February 15, 1873.

judiciary committee favorably reported a compromise bill providing for the taxation of incomes as before, but increasing the exemption from one thousand to one thousand five hundred dollars.¹ This passed the lower house, but received harsh treatment in the senate. The judiciary committee then recommended that the exemption be raised from fifteen hundred to twenty-five hundred dollars, and a member of the senate (Mr. Bancroft of Worcester) proposed that all incomes invested during the year in property itself subject to taxation in the state be exempt.² Both the amendments were adopted and the bill in this form passed the senate. Neither house would recede from its position.³ Finally a committee of conference agreed to place the exemption at two thousand dollars and to strike out the senate amendment exempting incomes invested in taxable property during the year.⁴ The bill as thus modified, providing that "income from any profession, trade or employment shall not be construed to be personal estate for the purpose of taxation except such portion as shall exceed the sum of two thousand dollars per annum; provided, however, that no income shall be taxed which is derived from any property or estate which is the subject of taxation,"⁵ became a law. In 1874 an unsuccessful attempt was made to lower the exemption to fifteen hundred dollars.⁶ No change has since been made in the law. Although the opposition failed to secure the repeal of the tax, they secured such an increase of the exemption as to make the law practically

¹ *Boston Daily Advertiser*, May 6, 1873.

² *Boston Daily Advertiser*, May 21, 1873.

³ *Boston Daily Advertiser*, May 28, 1873.

⁴ *Boston Daily Advertiser*, June 7, 1873.

⁵ *Laws of Massachusetts*, 1873, chap. 354.

⁶ *Boston Daily Advertiser*, April 27, 1874.

inoperative, the income tax now playing but an unimportant part in the tax system of the state.

While there may be some ground for criticising the action of those who opposed the law, it must be admitted that their action was not without justification, for aside from their antagonism to the principle of the law, its administration has always given rise to much dissatisfaction. The state has adopted the plan of designating by general legislative act the objects of taxation and of stating rules to be followed in the levy of the taxes. Then from year to year by special act she authorizes the raising of a certain sum for state purposes, apportioning the amount among the various local units in proportion to their assessed valuation. The assessors in the local units then assess the individual tax-payers according to the rules prescribed. The general law requires that the listing be done by the declaration of the tax-payer, and provides that the assessor may require a person suspected of making false returns to swear to the correctness of his list. It will be noticed, therefore, that the income tax strictly speaking is levied by the cities and towns.

Herein lies the principal defect of the law and the point against which the opposition has been chiefly directed. As a consequence of each local board of assessors being practically a court in itself, making its own interpretation and its own application of the law, the greatest variety of administration prevails. The majority of the towns and cities entirely ignore the tax.¹

¹ For example, at the request of the special tax commission of 1875 the tax commissioner made up the following statement from the copies of the valuation lists for 1873 on file in his office :

Number of towns giving incomes	41
Number of towns giving incomes and personal property ..	5
Number of towns giving salaries	3
Number of towns giving excess of salaries	1
Number of towns giving no income	273
Number of towns not heard from	17

Total

(Report of the commissioners relating to taxation, 1875.) 340

This is notably true of those towns about Boston that wish to induce the residence of business and salaried men. Further, those towns that enforce the law by no means place the same construction upon it. Some levy the tax only on incomes derived from salaries and the learned professions.¹ Others exempt that portion of the income saved and invested in property subject to taxation. This has been the practice in Boston.² Others, again, levy the tax upon all incomes irrespective of their source or of the use made of them.³ Such has been the application of the law in Cambridge. Still others, treating income from business as partly interest on capital, and therefore already taxed, and as partly the result of skill and labor in management, allow an amount equal to six per cent of the capital stock for interest and levy the tax on only the excess.⁴ The methods of determining the amount of income likewise have tended to bring the law into disfavor. The law requires the tax-payer to determine carefully and report to the assessor the amount of his annual income; but often the assessor simply makes a rough estimate.⁵ Since an income may be derived from sources already taxed or from those not taxable, or from trades and professions or from taxable securities, all subject to the tax at very different

¹ "In one town having 14,000 inhabitants, a valuation of fully \$8,400,000, and containing many prosperous merchants and manufacturers, only thirteen persons, they being cashiers, lawyers, clergymen, physicians, a mill-agent, and an actuary, were assessed for income in 1874 on a total valuation of \$15,121." (Report of commissioners relating to taxation, 1875.)

² See the address of Alanson W. Beard, of Boston, in the report of the commissioners relating to taxation, 1875.

³ See the address of Dr. A. Z. Brown, of Cambridge, in the report of the commissioners relating to taxation, 1875.

⁴ Report of commission of taxation, 1897.

⁵ Report of commission of taxation, 1897, p. 57.

rates, the assessor, relying as he must on his general knowledge and judgment, frequently makes incorrect and unjust estimates.

Many efforts have been made to correct these differences in the interpretation and administration of the law. In 1873, as we have seen, the law was retained only by a compromise. In 1875 the special tax commission treated the subject at considerable length. The commissioners admitted that no one tax in the system revealed so great a lack of uniformity in its construction and enforcement and so wide a difference of opinion as to its worth as did the income tax. While every tax act from colonial time to the present day¹ had plainly and explicitly required the taxation of income, income was taxed in very few places in the state, and the revenue derived from its assessment, either by the municipalities or the state, was inconsiderable. Construed differently even in adjoining places, enforced here and allowed to remain a dead letter there, the law worked hardship, inequality, and injustice. "But," they continued, "however unpopular an income tax is—and we admit it is extremely so—and however irregular and inefficient its administration—all of which in the actual fact it would be difficult to exaggerate—it seems that no one can clearly understand this tax without admitting both its economy and its justice."²

In the hope that a more just and equitable administration might be secured the commission made the following important recommendations: First, that the exemption, which should never exceed the sum reasonably necessary for subsistence, be lowered from \$2000 to

¹ This statement, made in 1875, may be repeated with equal truth at the present time.

² Report of the tax commission of 1875, p. 51.

\$1000. Second, that no deductions be allowed for income invested during the year. Third, that the law be changed so as to allow a deduction from the gross income of a sum equal to six per cent of the assessed value of the property employed in the business from which the income was derived. Fourth, that a central supervising department of taxes be established with agents in the several municipalities,¹ to insure the equal enforcement of the tax throughout the state, upon a uniform construction. Unfortunately these recommendations were not heeded; and the law remained in its old form, variously interpreted and administered.

Naturally the special tax commission of 1897, after twenty-two years' additional experience, gave the subject serious consideration.² The commissioners first considered the advisability of levying the tax upon income derived from securities, then on income of all sorts. After considering the advantages and disadvantages of such taxes, they recommended that the existing income tax be repealed. While they recognized the justice and numerous advantages of such a tax, the commissioners declared that, "In the present situation of this country, with our political traditions and business habits, an income tax would prove exceedingly difficult to administer with certainty and with equity of treatment as between different tax-payers." Since the English system of taxation at the source could not be employed, the method of declaration by the tax-payer was the only one possible; and this, the commissioners were convinced, led to concealment, equivocation, false statement, full payment by the honest, and evasion by the dishonest. Holding further that the action against the late national

¹ Report of tax commission of 1875, p. 55.

² Report of commission of taxation, 1897, p. 85 *et seq.*

income tax proved that it was not popular among the great mass of citizens, they concluded that an income tax which must rest on personal declaration would be deprived of one of its most important supports—an effective public opinion convinced of its fairness and desirability.

The commission, however, recognizing that unless other provision were made, the repeal of the income tax would allow certain individuals to escape taxation, proposed that a tax on presumable or estimated income, as indicated by expenditure for dwelling accommodation, be substituted. This proposed tax was to be ten per cent upon house rent in excess of four hundred dollars a year, the tax to be levied upon the occupier, whether he were the owner or not. It was admitted that as compared with an ideally arranged and ideally administered income tax this form of tax was not to be commended; but when considered with reference to expediency it was believed to be the more desirable. These recommendations were not unanimous, and have thus far passed unheeded.

Although the law of 1873 still remains upon the statute books, the indications are that it is little more than a dead letter. However, some improvement in the administration of the tax has taken place since the recent appointment of a deputy tax commissioner whose duty it is to visit each city and town in the state with a view of obtaining uniformity in taxation. William Trefry, the present state tax commissioner, says: "The proportion of assessed incomes is increasing, and as the assessors are educated, the proportion is likely to increase still further." "But," he continues, "the difficulty of getting returns and data would always tend to make this tax difficult of enforcement and the amount of revenue

could not be counted on with certainty. The machinery of the Massachusetts tax laws is not adapted to the enforcement of an income tax, and until it is, this income tax can never attain a prominent place in our system."

As to the amount of revenue derived from the income tax in Massachusetts, it is quite impossible to speak with exactness. That it is comparatively insignificant is admitted by its advocates as well as by its opponents. There is no report published showing the aggregate amount of revenue received by the state from this source. However, one special report recently made bears out the above conclusions, both as to the amount of the tax and as to the laxness of its administration. The tax commission of 1897 asked all the cities of the state to report their assessment of personal property. Of the thirty-two cities in the state, all but Boston and Somerville reported. From these reports it appears that the assessed valuation of the personal property in the thirty cities for the year 1895 was \$194,783,718, but of the total sum only \$3,880,220 was rated as income. Of the thirty cities, nine reported no income whatever. Of the remaining, Medford and Springfield returned nearly one-half the total amount assessed. Only eight cities in the state reported incomes aggregating \$100,000 or more.¹ The experience of the counties in the state has been quite similar to that of the cities. In 1895 personal property was assessed at \$147,800,703, of which only \$1,529,705 was reported as income. Of the fourteen counties, Dukes and Nantucket reported no income at all; while of the remaining, Middlesex returned more than the other eleven combined. Only three of the

¹ Report of tax commission of 1897, Appendix II, p. 268.

counties returned incomes aggregating \$100,000 or more.¹

Beyond question the burden of the income tax in Massachusetts has been unjustly distributed among those expected to bear it. But whether this is due to inherent defects of the tax itself or to lax administration we shall leave for later consideration.

Massachusetts is the only one of the New England states that has levied an income tax in the strict sense of the term. In New Hampshire the faculty tax, as we have seen, disappeared before the close of the eighteenth century; and we search the session laws in vain to find either a revival of it or the introduction of any form of the income tax proper. Maine has never made use of the tax in any form. Vermont, as has been shown, although employing the faculty tax until the middle of the present century, appears never to have given it much attention. It always remained in a crude form and never became more than a "faculty" tax; that is, a tax upon estimated or assumed income. Since its final repeal in 1850, nothing has been done in the way of directly taxing the incomes of individuals. The history of Connecticut has been quite similar to that of Vermont, although the Connecticut law from 1771 to the repeal of the "faculty" tax in 1819 was more efficient and more satisfactory than the Vermont law; while, even to the last, it required the tax to be levied according to the estimate of the assessor, it at the same time provided a special means by which appeals might be made by such individuals as were over-assessed. But the tax never took on a modern form, and since 1819 Connecticut never has employed an income tax. Rhode Island, like New

¹ Report of tax commission of 1897, Appendix II, pp. 262-3. For a full statement of the receipts from the tax see Appendix A.

Hampshire, discontinued the use of the faculty tax before 1800, but about the middle of the last century a tax of forty per cent was levied upon the annual income in excess of \$400 received by clerks of the supreme court and of the court of common pleas, excepting the clerk of the supreme court and the court of common pleas in the county of Providence.¹ This act was in operation only a short time, and its repeal closed Rhode Island's experience with this form of taxation.

New England has rendered us a peculiarly desirable service by clearly presenting, in the experience of Massachusetts, the steps in the evolution of the income tax. The produce tax of early times gave birth to the faculty tax, which slowly developed into the modern income tax.

¹ Revised statutes of 1857, title 3, chap. 12, sec. 9.

CHAPTER III

THE INCOME TAX IN THE MIDDLE STATES

New York and New Jersey never have employed the income tax ; Pennsylvania, Maryland, and Delaware have levied the tax, but only for short periods. In Pennsylvania it was levied from 1841 to 1871 ; in Maryland from 1842 to 1849 or 1850 ; in Delaware from 1869 to 1871. Each of the three states attempted to reach wages and profits, and Delaware included interest.

The *Pennsylvania* faculty tax of 1817, levied upon incomes from offices and posts of profit, trades, occupations, and professions, appears soon to have fallen into disuse. In 1840, however, in order to meet the large state debt, attention was once more directed to these sources. A tax of one per cent was levied upon all salaries and emoluments of office and a tax of one mill upon each dollar received from every trade, occupation, or profession not already taxed by the commonwealth.¹ In 1841 the tax upon salaries and emoluments of office was increased to two per cent and that upon income from trades, occupations, or professions to one per cent, with a general exemption of \$200 on all incomes.² In 1844 the language of the law was modified, without, however, any change in the rates.³ A decade later it was provided that when the tax was levied for school purposes upon trades, professions, and occupations it should in no case be less than fifty cents.⁴ In 1857 this minimum was raised to one dollar.⁵ Much opposition to the

¹ Laws of 1840, act No. 232, sec. 2.

² Laws of 1841, act No. 117, sec. 9.

³ Laws of 1844, No. 318, sec. 24.

⁴ Laws of 1854, No. 610, sec. 30.

⁵ Laws of 1857, No. 667, sec. 2.

tax arose, it being argued that it checked business development. However, nothing was done in the legislature until 1871, when a bill was introduced into the lower house providing for the repeal of the tax. After an unsuccessful attempt to pass it under a suspension of the rules,¹ the bill finally became a law.² It repealed not only the tax on trades, occupations, and professions, but also that on salaries and emoluments of office. This closed the experience of Pennsylvania with the income tax.

The law was loosely administered and the amount of revenue derived from the tax appears to have been very small. In 1843 the governor stated that in a total tax of \$910,000 the amount received from offices was only \$1386.³ Since the financial reports do not designate the income tax as a separate source of revenue it is impossible to state the amount of tax annually received.

There is a further important system of taxation employed in Pennsylvania which, while in name a corporation tax, is in reality an income tax. In 1835⁴ a graduated tax was placed upon the dividends of banks. This law was extended in scope⁵ until in the sixties it became to all intents and purposes a tax upon the dividends or net income of all corporations. By 1864 the tax had ceased to be graduated and was levied simply as a proportional tax of three per cent upon the "annual net earnings or income."⁶ The essential

¹ The *Philadelphia Inquirer*, February 18, 1871.

² Laws of 1871, No. 261.

³ Governor's message of January 1, 1844.

⁴ Digest of the laws of Pennsylvania, Parke and Johnson, 1836, vol. I, p. 49.

⁵ Laws of 1849, No. 147, sec. 7.

⁶ Laws of 1864, No. 210, sec. 2.

features of this corporation tax are that it falls on the incomes of shareholders, that it saves cost of collection, being paid by the companies directly into the state treasury, that it falls on those best able to bear it, and that it ensures taxation of non-residents.¹ This corporation tax seems to meet with general approval. About 1850 the tax yielded something more than \$234,000;² it now yields about one-half the total revenue of the state. This is one of the best illustrations in the United States of the English method of taxing income at its source.

In *Maryland* the faculty tax, as we have seen, was withdrawn in 1780, as soon as the pressure of war was over. In 1824, however, the clerks of various state, county, and city courts and registers in chancery and registers of wills were taxed twenty-five per cent on their annual income in excess of \$1500 received in the form of fees.³ This law remained in operation only three years.⁴ Again in 1836, in order to strengthen its securities, the state declared by legislative act that, in case it should become necessary at any time for the support of the government or to sustain the public credit, a tax should be laid upon personal and real property and upon "all incomes derived from shares of every incorporated institution, real, personal, or mixed which escapes taxation under existing laws."⁵

About 1840 the enormous state debt, created by outlays for public improvements, showed the necessity of reaching all sources of revenue. The following year

¹ T. K. Worthington, *Historical sketch of the finances of Pennsylvania*, p. 91.

² Report of the state treasurer, November 29, 1851, p. 12.

³ Laws of 1823-4, chap. 146.

⁴ Laws of 1826-7, chap. 246.

⁵ Laws of 1835-6, chap. 395, sec. 15.

the legislature passed the first general assessment law in twenty-eight years.¹ In 1842 a tax of two and one-half per cent was levied upon salaries and emoluments and all incomes and profits from professions, faculties, and employments. Incomes of less than \$500, incomes derived from taxed property, and the salaries of judges and of clergymen were exempt.² At the same time a graduated tax was placed upon all income arising from ground rents, with a rate so fixed that the tax was equivalent to two and a half per cent upon a ten per cent annuity from the principal.³ In time this law was repealed and the tax on ground rents made the same as on other incomes, but without the usual five hundred dollar exemption.

Salaries and professional incomes were assessed by special assessors appointed in the counties by the county commissioners and levy courts and in the city of Baltimore by the mayor and city council; all other incomes were assessed by the assessors of other property. The assessors were required to take a special oath that they would rate all offices, posts of profit, professions, and occupations at what they believed to be the yearly salaries, incomes, emoluments, or profits arising therefrom. But if an individual swore before the assessor that his income did not exceed a certain sum, it was required that he be assessed at that sum. Appeal was allowed in case this right was denied. In order to enable the assessors to determine the exact income of individuals, the law allowed them to demand a full and complete statement as to the amount of his income from each person under oath. In case he failed or refused to

¹ Report of Maryland tax commission of 1888, p. 161.

² Laws of 1841-2, chap. 325.

³ Laws of 1841-2, chap. 329.

comply he was subject to a fine not to exceed one thousand dollars. Special officers were appointed to collect the tax. The tax on the salaries of state officials was retained in the state treasury at the time the salaries were paid, while the tax upon salaries paid by private individuals, partnerships, or corporations was retained by the employer and paid to the collector under a penalty of double the amount of the tax.¹

The law having operated unsatisfactorily, in March, 1844, a supplementary act was passed providing that if the proper officials failed to appoint assessors or if the assessors failed to qualify, the governor should appoint substitutes, and if the latter failed or refused to qualify, he should appoint others and continue to do so "until duly qualified collectors of the said tax are procured through the state."² It was further provided that, since the tax had been levied in some counties and not in others, the proper officials should levy the tax in 1844 for 1843 and for 1844, and that the tax for the two years should be collected half in December and half in June. The act further provided that if any person should swear that his actual annual income did not exceed three hundred dollars, he should be exempt.³

We must not conclude, however, that the income tax was the only one laxly administered. The governor in his message at the beginning of 1844 declared that there was "a deplorable remissness in the execution of the tax laws; some of the counties have utterly, and others, partially, disregarded them." He said further that the revenues could "not be materially increased by the income tax, heretofore partially collected." In 1849

¹Laws of 1841-42, chap. 325, secs. 3-13.

²Laws of 1843, chap. 307, sec. 1.

³Laws of 1843, chap. 307, secs. 8, 10.

only a little over one-half of the general state tax of about \$1,500,000 was collected;¹ no income tax at all appears to have been collected.²

In spite of the efforts put forth the income tax continued to be poorly administered, and in 1850 the tax was to all intents and purposes repealed by a special act providing that henceforth the collectors should not be held liable for the recovery of the tax if they proved it not to have been collected.³ In one or two of the counties an effort was made to enforce the law, but soon it was abandoned and the act repealed "because of its inquisitorial character, its impertinent scrutiny into the affairs of private life, and of other difficulties which it had to encounter, and the frauds and imposition it caused, and above all its utter failure to produce a sufficient sum."⁴ Since 1850 no attempt has been made to levy an income tax in Maryland. The recommendation of Professor R. T. Ely, a member of the Maryland tax commission of 1888, that the state provide for an income tax on all incomes in excess of six hundred dollars a year⁵ has passed unheeded; and at the present time there are no indications that such a step will be taken in the near future.

Delaware, after the repeal of the faculty tax at the beginning of the present century, did nothing until 1869 in the way of attempting to reach income. In that year a tax of two per cent was placed upon the gross receipts of all private bankers, brokers, and real estate agents received in the form of commissions,

¹ Treasurer's report, 1849, p. 27.

² Treasurer's report, 1849.

³ Laws of 1849, chap. 294.

⁴ Debates and proceedings of Maryland reform convention to revise the state constitution, vol. 3, p. 227.

⁵ Report of the Maryland tax commission, 1888, pp. 175-183.

profits, brokerage, or other compensation for business transacted, and upon the income from "salaries or fees" received by lawyers, physicians, and all state and county officers.¹ Each individual subject to the tax was required to return on the first of each January to the county assessor a verified statement of his income. After being in operation only two years this law was replaced by a license tax,² and no successful effort has since been made by the state to revive the income tax.

In concluding our consideration of the middle states we may note, first, that none of the states gave the income tax a very important place in their financial system, and that two did not employ it at all; second, that those states employing the tax taxed income from personal services and usually profits, Delaware also taxing interest and Maryland rent; finally, that marked indifference to the administration of the tax was everywhere manifested.

¹ Laws of 1869, chap. 390, sec. 10.

² Laws of 1871, chap. 16.

CHAPTER IV

THE INCOME TAX IN VIRGINIA

With the exception of Mississippi, every state south of the Potomac and Ohio rivers and east of the Mississippi has tried the income tax. Some have limited its scope, others have confined its use to a limited period of time ; but altogether the southern states have given it the widest usage. In the extent of their experience with the tax, Virginia stands first, North Carolina second, Alabama third, and South Carolina fourth.

In Virginia nearly every legislature, during the sixty years since the income tax was introduced, has tampered with it ; the scope of the tax has been changed, the rate modified, and quite generally it has been confused with other forms of taxation. The history of the tax is the history of a confused mass of legislation.

Previous to 1843 the principal sources of state revenue in Virginia were the taxes upon lands, houses and lots, and certain enumerated forms of personal property, a poll tax, and an extensive license tax. In 1843 the tax upon incomes was added. It supplemented rather than superseded the existing forms of taxation, the cause of its introduction apparently having been a desire to attain greater justice in the distribution of the increasing burdens of taxation. The act was not general ; it affected only income derived from particular sources. Wages and interest were quite generally taxed, profits were reached to a limited extent, but in only one or two instances was rent really affected.

The law imposed a tax of one per cent upon the yearly money income in excess of four hundred dollars

accruing to any individual for services rendered to the commonwealth¹ or to any corporation, joint stock company, partnership, or individual² or received in the form of fees from "any office, calling or profession."³ Physicians, surgeons, dentists, and lawyers might, in lieu of the income tax, pay an annual license tax, fixed at \$10 except for lawyers practicing in the court of appeals of the state, who were obliged to pay \$20.⁴ As a rule the license tax was paid.

Interest was reached by placing a tax of two and one-half per cent upon the amount of income received by individuals from money loaned and from bonds, notes, and securities the total value of which exceeded \$100.⁵ This exemption, however, does not appear to have extended to the interest derived from bonds or certificates of debt issued by any of the states (Virginia included), by any foreign government, or by certain corporations chartered by the commonwealth of Virginia.⁶ Furthermore, each person whose income from interest was taxed was permitted to deduct from his assessment the interest on all sums owed by him.⁷

The tax scarcely affected profits and rents, appearing as a rate of one and one-half per cent upon the annual income in excess of \$100 received from toll-bridges and ferries.⁸ The reason that no serious attempt was made

¹ During 1843 the governor and judges of the court of appeals and of the general court were exempted from this tax, but in 1844 this exemption was not mentioned. (Laws of 1842-3, chap. 2, sec. 5.)

² Laws of Virginia, 1842-3, chap. 1, sec. 4.

³ Laws of Virginia, 1842-3, chap. 1, sec. 5.

⁴ Laws of Virginia, 1842-3, chap. 1, sec. 5.

⁵ Laws of Virginia, 1842-3, chap. 1, sec. 2.

⁶ Laws of Virginia, 1842-3, chap. 2, sec. 4.

⁷ Laws of Virginia, 1842-3, chap. 1, sec. 2.

⁸ Laws of Virginia, 1842-3, chap. 1, sec. 6.

to reach profits and rents was that profits were reached in a rough way by an extensive license system and rent was reached by means of a general land tax.

With but two exceptions no special provision was made for the administration of the tax. Each individual was required to return his income at the same time and in the same way that he listed his other property with the commissioner.¹ It was further provided that the amount levied upon the salaries of state officials should be deducted by the auditor of public accounts when the salaries became due.²

By the law of 1844 physicians, surgeons, dentists, and lawyers were required to pay the license tax. However, their income fixed the amount of the license, the law requiring a tax of \$5 if the income exceeded \$400 and was less than \$1000, and a tax of \$10 if the income exceeded \$1000. However, attorneys practicing in the court of appeals were obliged to pay a tax of \$10 if their annual income was less than \$2000; if it exceeded \$2000 the sum required was \$20. It was expressly provided that no one subject to the above license tax should be required to pay any tax upon income.³ This act of 1844 for the first time exempted ministers of the gospel from the payment of the income tax. The act caused little change in the tax upon interest, merely lowering the rate from two and one-half to two per cent and changing the exemption from \$100 of investment to six dollars income, without deduction for interest owed.⁴ The method of reaching physicians, surgeons, dentists, and lawyers employed in the law of 1844 continued until 1847, when the amount of

¹ Laws of Virginia, 1842-3, chap. 2, sec. 5.

² Laws of Virginia, 1842-3, chap. 1, sec. 7.

³ Laws of Virginia, 1843-4, chap. 1.

⁴ Laws of Virginia, 1843-4, chap. 1, sec. 5.

income received ceased to be taken into consideration and an annual license tax of \$5 was imposed except upon lawyers practicing in the court of appeals, who paid \$10.¹

For nearly a decade after 1844 no further change worthy of mention was made in the income tax² except in 1849, when the exemption was extended to income derived from bonds of certain corporations.³ In 1852, however, the law underwent a number of important changes ; a progressive rate was introduced, the tax upon interest was made less general, and the desire to make profits bear a greater part of the burdens began to manifest itself. The progressive rate, however, never received general application, being applied only to incomes derived from personal services. The law provided that the annual income received by an individual in the form of either salary or fees for the discharge of any office or employment in the service of the state, of any corporation created by it, or of any company, firm, or person should be subject to the following rates of taxation : one-fourth of one per cent when the annual income exceeded \$100 and such excess was not more than \$250 ; one-half of one per cent when such excess was more than \$250 and less than \$500 ; three-fourths of one per cent when such excess was more than \$500 and less than \$1000 ; and one per cent when such excess was more than \$1000.⁴

Physicians, surgeons, and dentists, who for some time had been required to pay only a license tax, were once more made subject to the income tax. Besides demand-

¹ Laws of Virginia, 1846-7, chap. 1, sec. 5.

² See Laws of Virginia, 1844-5, chap. 1 ; 1845-6, chap. 1 ; 1846-7, chap. 1 ; 1847-8, chap. 1 ; 1848-9, chap. 1.

³ Laws of Virginia, 1848-9, chap. 1, sec. 1.

⁴ Laws of Virginia, 1852, chap. 17, sec. 2.

ing the usual five dollar license tax, the law provided that if their professional income received during the year exceeded \$400 and the excess was less than \$600, a tax of one-half of one per cent should be paid upon such excess; if the excess was more than \$600 and less than \$1000 the rate was increased to three-fourths of one per cent; and if the excess exceeded \$1000 the rate was made one per cent.¹ It was further provided, however, that no physician, surgeon, or dentist should be subject to an annual income tax of more than \$15. The tax was also extended to a class not previously affected; daguerrean artists, practicing their profession within the state, were now required to pay, besides their annual license tax, a tax of one and one-half per cent upon their annual income in excess of \$500.²

The exemption of certain classes of individuals from the payment of the tax upon salaries or wages was now considerably extended. Formerly only ministers of the gospel, certain state judges, and the governor had been exempt; by this act all persons employed by fire associations and all laborers engaged in "mechanic art, trade, handicraft or manufacture" were exempted.³

The tax upon interest, like that upon wages, was made less general in its application. It was now restricted to interest received from bonds of foreign countries, of other states, and of such public corporations as were chartered by the states. The rate was increased to three per cent, but the exemption remained at \$6. It is noteworthy that the law for the first time expressly provided that the tax would be imposed even though the income was "converted into principal so as to be-

¹ Laws of Virginia, 1852, chap. 17, sec. 13.

² Laws of Virginia, 1852, chap. 17, sec. 14.

³ Laws of Virginia, 1852, chap. 17, sec. 2.

come an interest-bearing subject or was otherwise applied." The rate upon the annual income from toll-bridges and ferries in excess of \$100 was also increased to three per cent.

Another fact deserving special mention is the growing tendency to shift more and more of the burden of taxation upon profits. The system, adopted early in the century,¹ of varying the license tax according to the rental value of the establishment occupied by the business had grown in public favor until, by the act of this year, it was quite extensively applied. Hotels were required to pay a license tax of \$30 and a tax of ten per cent upon their yearly rental value in excess of \$200; private boarding houses, a license tax of \$5 and seven and one-half per cent on their yearly rental value in excess of \$50; cook shops or eating houses, a license tax of \$10 and seven and one-half per cent on their yearly rental value in excess of \$100; manufacturers of porter and ale, \$20 license and seven and one-half per cent of the annual rental value of their establishments;² merchants selling provisions or agricultural commodities, in addition to their license, one per cent of the commissions and profits of their business.³ The most significant changes in the law of 1853 were the repeal of the \$6 exemption in the case of income received in the form of interest and of the \$100 exemption in the case of income from toll-bridges and ferries, the raising of the exemption in the case of salaries to \$200,⁴ and the increase of the tax upon interest to three and one-third per cent.⁵

¹ Laws of Virginia, 1806, chap. 7, sec. 1.

² Laws of Virginia, 1852, chap. 17, sec. 5.

³ Laws of Virginia, 1852, chap. 17, sec. 7.

⁴ Laws of Virginia, 1852-3, chap. 7, sec. 9.

⁵ Laws of Virginia, 1852-3, chap. 8, sec. 1.

With the law of 1856 modifications once more began. The progressive tax was continued on incomes received in the form of salaries or fees but at a doubled rate : one-half of one per cent when the income exceeded \$100 and the excess was not more than \$250 ; one per cent when the excess was between \$250 and \$500 ; one and one-half per cent if the excess was between \$500 and \$1000 ; two per cent if the excess was more than \$1000.¹ The progressive rate formerly applied to the income of physicians, surgeons, and dentists was discontinued ; and they, together with lawyers, were required to pay, besides a license tax, simply a tax of one-half of one per cent upon their annual income in excess of \$400.² The tax upon the income of daguerrean artists continued without change. The apparent desire of the framers of this act to make the tax upon income from personal services universal in its application led to the insertion of a provision requiring commission merchants, tobacco auctioneers, and ship brokers to pay, besides their usual license tax, a tax of two per cent upon their annual income.³ The taxation of incomes derived from interest and from toll-bridges and ferries underwent no change except a doubling of the rate of the tax. The attempt to shift a greater portion of the burden of taxation upon profits continued, the tax upon houses of public and private entertainment, cook shops, and liquor dealers being increased in amount.

The law of 1856 remained unchanged in its essential features until the opening of the Civil War. In 1861 the progressive rate which had been levied upon salaries and fees since 1852 was repealed and the propor-

¹ Laws of Virginia, 1855-6, chap. 9, sec. 6.

² Laws of Virginia, 1855-6, chap. 9, sec. 28.

³ Laws of Virginia, 1855-6, chap. 9, sec. 17.

tional rate previously employed reintroduced. The rate was now fixed at one per cent on the amount in excess of \$500,¹ and only ministers were exempt from the tax. Except the introduction of a one per cent tax upon the annual income of slave traders, no further change worthy of note took place.

By 1862 the more serious effects of the war began to make their appearance and the tax rates were quite generally increased. The rate upon salaries and fees was raised to one and one-half per cent,² that upon interest from bonds and upon the income derived from toll-bridges and ferries to ten per cent.³ The combined license and income tax was also increased. The general scope of the tax remained about as before, the only change being a provision that all property the income from which was subject to taxation should itself be exempt from taxation.⁴

In 1863 the increased expenses of the war led the legislature both to extend the scope of the tax and to increase the rate. Salaries and fees were taxed two and one-half per cent on the amount in excess of \$500,⁵ and the rate upon interest and upon income from toll-bridges and ferries was increased to seventeen per cent.⁶ The extension of the tax upon profits which now took place was the most important that had thus far occurred. A tax of ten per cent was levied upon the net income received by any person from any licensed trade, business, or occupation, from the use of money by others for the

¹ Acts of general assembly, 1861, chap. 1, sec. 10.

² Laws of general assembly, 1861-2, chap. 1, sec. 9.

³ Laws of general assembly, 1861-2, chap. 1, secs. 5 and 10.

⁴ Laws of general assembly, 1861-2, chap. 1, sec. 2.

⁵ Acts of general assembly, 1863, chap. 1, sec. 10.

⁶ Acts of general assembly, 1863, chap. 1, secs. 5 and 14.

benefit of the owner, from buying and selling, from the exchange of real or personal property or of bonds, stocks, or other choses in action, and from any other trade or speculation. In determining the net income or profits, the law allowed each individual to deduct from his gross income all expenses of carrying on the business during the year, as well as all licenses and other taxes paid by him during the same period.¹ A general exemption of \$3000 was allowed, and certain other minor exemptions, such as the profits derived from the exchange of real or personal property to be used by the purchaser and the profits derived by a farmer from the sale of cattle kept by him for more than three months or from produce raised upon the farm. To prevent the double taxation of incomes it was provided that those subject to other forms of the income tax should be exempt from this tax on profits.² In order to prevent false returns the law empowered the auditor of public accounts to require, whenever he deemed it necessary, the sworn statement of the individual himself or of any other person familiar with the facts as to the correctness of the declaration.

Virginia employed another method for reaching the revenues of individuals which, while in name a tax upon corporations, was in fact an income tax. It took the form of a tax levied upon the dividends of corporations to be deducted by the proper officials of the company at the time the dividends were declared. This method of taxing incomes at the source we find in use as early as 1843,³ but it appears to have reached its most general application by this act of 1863.⁴ Like the Pennsylvania

¹ Acts of general assembly, 1863, chap. I, secs. 10, 11, 12, 13.

² Acts of general assembly, 1863, chap. I, sec. 11.

³ Acts of general assembly, 1842, chap. I, sec. 3.

⁴ Acts of general assembly, 1863, chap. I, secs. 6, 7, 8, 9.

tax it appears to have met with quite general approval.

For three years the taxation of incomes continued without change, but in 1866 the entire legislation dealing with the revenues underwent a complete revision. The law in force at the present time is, in its essentials, but a modified form of the act of 1866. Three laws were now enacted, the first providing for the assessment of persons, property, and incomes; the second providing for the assessment of licenses and defining the various industries to be licensed; and the third fixing the rates. The first of the acts classified the various objects of taxation under five schedules—A, B, C, D, and E. In schedule A the assessors were required to list all persons subject to poll taxes; in schedule B, all personal estates; in C, personal property in choses in action, money credits, and capital; in D, incomes; and in E, salaries, corporations, and other businesses. The last two schedules only are of special interest to us in this discussion.

Under schedule D incomes were arranged into six different classes according to the sources from which they were derived. The first class included incomes received in the form of interest or profit from public bonds. The second class included incomes received from companies incorporated by the state which did not pay taxes into the state treasury. The third class included incomes received in the form of interest or profits from companies or businesses chartered outside the state, or from businesses organized within the state, whether chartered or not, but doing business outside. The fourth class included incomes in excess of \$500 derived from licensed businesses, unless the license tax was based upon the sales, receipts, or profits of the year. The fifth class included incomes in excess of \$500 derived from trade or speculation. Here were

to be listed all incomes received from an unlicensed business where the income arose from the use of money by the person for his own benefit or that of another ; from the buying or selling of cattle, horses, or other property ; from the exchange of real or personal property ; from the buying or selling or exchange of bonds, public or private, or of other evidences of debt ; from the buying or selling of stocks or other choses in action ; and from any other trading speculation or professional occupation or business. The sixth class included incomes in excess of \$500 received from fees of office. Fees to be paid by insolvent persons and income from property otherwise taxed were exempted from this tax.¹

Schedule E, under which salaries were assessed, required the assessor to ascertain from each person and list the amount of his salary in excess of \$1000 received during the year from any office or employment under the United States or any state, company, firm, or person. The state officials who were paid out of the treasury of the state were exempt from this assessment, since, the amount of their salary being already known, by special provision their tax (as well as any debts due the state) was deducted at the time the salary was paid. Ministers of the gospel continued to be exempt from the payment of the tax.²

In order to prevent false listing of property, the law provided that upon reasonable evidence the state should file a bill against any supposed guilty party, setting forth the omissions or errors ; and if after trial by a jury the individual was found guilty, all his " estate, or partially omitted subjects of taxation, above the amount, quantity or value specified in his returns should be confiscated to

¹ Acts of general assembly, 1865-6, chap. 1, sec. 59.

² Acts of general assembly, 1865-6, chap. 1, sec. 60.

the state and be collected and paid into the treasury as the court should direct."¹

The second law classified licenses under six schedules—A, B, C, D, E, and F. Schedule A included licenses upon sales, such as made by merchants and the like. Schedule B included licenses upon purchases and sales made by stock brokers and similar classes. Schedule C included licenses of eating and drinking establishments. Such licenses varied according to the annual value of the business. Schedule D included the licenses of public entertainments of all kinds. Schedule E included the licenses upon various professions, such as lawyers, physicians, surgeons, dentists, and daguerrean artists. These classes were required to keep an exact account of their annual incomes,² and were taxed, besides their license, one per cent upon their income in excess of \$500.³ Schedule F included licenses for businesses not included in any of the previous schedules.

The third law provided for levying the rates by the classes enumerated in the previous laws. The objects assessed under chapter one, schedule D, classes one, two, and three, that is, income derived from public bonds, from companies incorporated in the state, from companies or businesses chartered outside the state or organized within the state but doing business outside, or from private individuals was taxed three per cent, no exemption being allowed.⁴ The rate upon incomes derived from sources enumerated in classes four and five, that is, upon those derived from licensed businesses and from unlicensed trades or speculations, was

¹ Acts of general assembly, 1865-6, chap. 1, sec. 61.

² Acts of general assembly, 1865-6, chap. 2, secs. 39, 40, 43.

³ Acts of general assembly, 1865-6, chap. 3, secs. 50, 51, 54.

⁴ Acts of general assembly, 1865-6, chap. 3, sec. 8.

four per cent on the amount above \$500. The rate upon the sixth class, fees from office, was one and one-half per cent on the amount above \$500. Salaries were by this act taxed one-half of one per cent on the amount in excess of \$1000.¹

The license taxes, in so far as they are of interest to us, have already been treated. It may be mentioned, however, that commission merchants were required to pay, besides a license tax of \$25, a tax of two per cent upon commissions received during the year.²

During the special session of 1867 the law of the previous year by which the various rates were fixed was re-enacted and the rates levied upon incomes quite generally changed. The rate upon classes one, two, and three of schedule D was increased to five per cent;³ that upon class five was increased to five per cent;⁴ that upon class six was lowered to one per cent;⁵ that upon class one, schedule E, was raised to one per cent.⁶ The exemptions previously allowed remained unchanged. It was further provided by this law that capital, with but few exceptions, should not be subject to taxation except as reached by the income tax. The rate levied upon the income of lawyers, physicians, dentists, surgeons, and daguerrean artists⁷ was also raised to two per cent on the amount in excess of \$500. The combined license and income tax was at the same time extended to private bankers and stock brokers, who were obliged to

¹ Acts of general assembly, 1865-6, chapter 3, secs. 9, 10, 11.

² Acts of general assembly, 1865-6, chap. 3, sec. 23.

³ Acts of general assembly, 1866-7, chap. 298, sec. 59.

⁴ Acts of general assembly, 1866-7, chap. 298, sec. 8.

⁵ Acts of general assembly, 1866-7, chap. 64, sec. 9.

⁶ Acts of general assembly, 1866-7, chap. 64, sec. 10.

⁷ Acts of general assembly, 1866-7, chap. 64, secs. 50, 51, 53.

pay a heavy license tax and a tax of five per cent upon their annual profits.¹

By the act of June 29, 1870,² the present mode of assessing and taxing incomes was introduced. The arrangements of the objects of taxation under schedules was continued, but the division of incomes into six classes under schedule D was discontinued, it being provided that the assessor should here simply list the aggregate amount of income in excess of \$1500 received by or due to any person within his district during the year. Ministers of the gospel and state officials were not subject to this assessment, the former being exempt from the tax and the latter class being obliged to pay it at the time they received their salaries.

The law next defined "income" as including, for the purpose of taxation, "all interest upon notes, stocks, bonds, or other securities of whatever description of the United States or of any state, or of any corporation, company, partnership, firm, or individual collected or received during the year, less the interest due and paid by said person during the year; the amount of all premiums on gold, silver or coupons; the amount of sales of live stock and meat of all kinds less the value thereof at the time of assessment of the same, provided the value has heretofore been taxed as capital; the amount of sales of wool, butter, cheese, hay, tobacco, grain, or other vegetable, agricultural, or other product grown or produced by said person; all other gains and profits derived from any other source whatsoever and the share of the gains and profits of all companies, whether incorporated or partnership, of any person who would be entitled to the same if divided, whether said profits were

¹ Acts of general assembly, 1866-7, chap. 64, sec. 36.

² Acts of general assembly, 1869-70, chap. 189.

divided or not; provided, however, that no income shall be included which was received from corporations or institutions whose officers, under the requirement of the law, deduct the state tax due thereon before paying the same to the parties entitled to receive said income, and pay the said state tax to the officer or officers entitled to receive the same; and provided further that in addition to the \$1500 aforesaid there shall be deducted from the income of the person assessed all losses sustained by fire or shipwreck, all losses incurred in trade, all sums actually paid for labor or service, all fertilizers purchased and used by any person who cultivates land or conducts any business from which income is actually derived, except sums paid out for improvements, new buildings, and betterments made to increase the value of the property or estate; and provided further that only one deduction of \$1500 shall be made from the aggregate income of any family except that guardians may make a separate deduction of \$1500 in favor of each ward out of the income coming to said ward, save when the income accruing to wards is derived from joint property when only one deduction shall be made."¹ The rate of tax levied upon incomes as above defined was two and one-half per cent on the amount in excess of \$1500.² The combined license and income tax which had been for some time levied upon attorneys, physicians, surgeons, dentists, and daguerrean artists was now changed to a license tax.³

The machinery of the tax system also underwent some change. All persons were required under oath to list and state the value of their property on forms pro-

¹ Acts of general assembly, 1869-70, chap. 189, sec. 16.

² Acts of general assembly, 1869-70, chap. 226, secs. 7, 40.

³ Acts of general assembly, 1869-70, chap. 226, secs. 40, 47, 48.

vided by the commissioner and within ten days to return them for deposit with the clerk of the county or corporation court. If the commissioner was dissatisfied with the returns, he was permitted to change them as he thought proper, notifying the taxpayer of such changes. If the latter objected the differences were settled by two voters to whom the case was referred; if these two could not agree a third was called in, no further appeal being allowed. If any person failed or refused to return his taxable property as required he was to be tried, and if found guilty by a jury of keeping back all or any part of his property, an amount equal to double the tax thus evaded together with an amount equal to the expenses of the suit was to be sold and the proceeds paid over to the state.¹

The law of 1871 reduced the exemption on income to \$1000 and the rate to one-half of one per cent on the amount in excess of \$1000.² The definition of "income" was extended to include all rents. Interest derived from notes, stocks, and bonds was now taxed only when the sources themselves were not taxed; income from county bonds, though probably included in the definition of the previous year, was now explicitly mentioned as an object of taxation; and in several other instances the attempt was made to attain greater clearness. In estimating their income the taxpayers were no longer allowed to deduct losses sustained by fire or shipwreck.³ The special provision providing that the income of public officials who were obliged to pay their tax at the time of receiving their salaries should be

¹ Acts of general assembly, 1869-70, chap. 189, secs. 10, 17.

² Acts of general assembly, 1870-71, chap. 193, sec. 7.

³ Acts of general assembly, 1870-71, chap. 72, sec. 61.

exempt from the operation of this law was now stricken out, but this apparently in no way affected practice. The tax upon stock brokers and private bankers, which had been for some time a combined license and profits tax, was now made a straight license.¹

The changes of 1872 were but few. Income as defined under schedule D was now made to extend to salaries,² and the rate of the tax was increased to one per cent, with the former exemption of \$1000.³ The license taxes were also continued with no important change. Commission merchants were now required to pay, besides an annual license, a tax of three per cent upon their commissions.⁴ In the next year they were made subject to a sort of graduated license tax.⁵

In 1874 the acts providing for the assessment of taxes and for the levying of rates were combined into one. The exemption was lowered, apparently without opposition,⁶ to \$600, and the definition of income somewhat changed. In estimating the amount of income, the individual was now allowed, in addition to the amount previously deducted, to subtract from his gross income "all losses sustained during the year" and all sums actually paid for ditches, fences, taxes, and rents, as well as for all clover and other seed produced and used by any person cultivating land. The rate of the tax remained unchanged.⁷ Except for occasional modifications of the rate the tax upon hotels, boarding houses, eating houses, and the like had continued unchanged until

¹ Acts of general assembly, 1870-71, chap. 193, sec. 33.

² Acts of general assembly, 1871-72, chap. 159, sec. 61.

³ Acts of general assembly, 1871-72, chap. 385, sec. 7.

⁴ Acts of general assembly, 1871-2, chap. 385, sec. 19.

⁵ Acts of general assembly, 1874, chap. 240, sec. 109.

⁶ See the *Richmond Whig*, April 10, 1874.

⁷ Acts of general assembly, 1874, chap. 240, secs. 66, 67.

1875, when it was made a sort of graduated tax by the provision that they should pay, besides their license tax, a rate of eight per cent upon their annual rent between \$100 and \$1000, three per cent upon rent between \$1000 and \$2000, and two per cent upon all rent above \$2000.¹

Since 1874, although revenue laws have been repeatedly passed, no important changes have been made in the income tax.² The law now upon the statute books was passed February 24, 1898.³ The method of defining income which was first employed in 1870 still continues. The changes which have been made in the definition from time to time have been in the direction of extension. The law now provides that the assessor shall list the aggregate amount of income in excess of \$600 received by or due to any person in his district during the previous year (the year beginning February 1) except salaries of officers of the state payable at the treasury, the tax on which is collected at the time the salary is audited and paid. "Income" is defined as including "all rents, salaries, interest upon notes, bonds or other evidences of debt of whatever description, of the United States or any other state or country, or any corporation, company, partnership, firm or individual collected or received during the year less the interest due and paid by said persons during the year, the amount of all premiums on gold, silver or coupons, the amount of sales of live stock and meats of all kinds less the value assessed thereon the previous year by the commissioner, the amount of sales of wool, butter, cheese, hay, tobacco, grain, vegetable or

¹ Acts of general assembly, 1874-5, chap. 239, sec. 70.

² See Acts of general assembly, 1875-6, chap. 169, secs. 10, 11; 1881-2, chap. 119, secs. 10, 11; 1883-4, chap. 450, secs. 10, 11; 1889-90, chap. 244, secs. 10, 11.

³ Acts of general assembly, 1897-8, chap. 496.

other production grown or produced by said person during the preceding year, whether the same was grown during the preceding year or not, less all sums paid for taxes and for labor, fences, fertilizers, clover or other seed purchased and used upon the land upon which vegetables and agricultural productions were grown or produced and the rent of said land paid by said person, if he be not the owner thereof; all other gains and profits of all companies, whether incorporated or partnership, of any person who would be entitled to the same if divided, whether said profits had been divided or not, provided that in addition to the same \$600 as aforesaid, there shall be deducted from the income of the person assessed all losses sustained; provided further that only one deduction of \$600 shall be made from the aggregate income of any family except that guardians may make a separate deduction of \$600 in favor of each ward out of income coming to said ward.”¹

The income tax has never been questioned in the courts, and on the other hand it has never been enthusiastically advocated. It has been treated with indifference rather than with disfavor.

As a source of revenue the income tax has been comparatively unimportant except for a short period during the Civil War. In 1844, the year after it was introduced, when the total state tax was about \$432,000, it yielded but \$16,719, and of this amount \$11,566 was derived from the tax on interest. In that year 121 of the 130 counties in the state levied the tax upon interest, and 104 levied it upon other forms of income.² The next year there was little change either in the amount of revenue derived or in the number of counties taxing in-

¹ Acts of general assembly, 1897-8, chap. 496.

² Auditor's report, November 20, 1845.

comes.¹ But by 1853, with a state tax of a little over \$1,000,000, the amount received from the income tax had increased to over \$36,000. This increase is explained in part by the changes made by the law of 1852. The per cent of counties paying the tax had decreased, 88 of the 145 counties paying the tax upon interest, 108 paying the tax upon income not previously taxed, and 127 paying the tax upon salaries and fees.² In 1856 the tax rate was doubled, and in 1858 the amount received was \$99,481, \$51,669 being derived from the tax on interest.³ Two years later the aggregate income taxed amounted to \$3,903,036, while the tax had increased to \$104,517.⁴ By 1863 the amount of income taxed had increased to \$10,966,057 and the tax to \$178,945, \$92,780 being derived from the new 10 per cent tax upon profits.⁵ After the changes in the tax law made in 1866, the amount of income taxed fell to \$800,998 and the tax to a little over \$23,000.⁶ Although by the acts of 1870 and 1871 the income tax was made to include rents, still in 1873, with a state tax of \$2,268,000, the income tax amounted to only \$33,140.⁷ Of this amount the city of Richmond paid \$13,871. By 1888 the tax upon incomes had reached \$38,145⁸ and continued to increase until in 1891 it reached \$62,207.⁹ After 1891 the amount fell off, in 1897 being but \$37,502 while the state tax was \$2,044,111.¹⁰ Since 1897 the tax has been increasing,

¹ Auditor's report for 1846.

² Auditor's report for 1853.

³ Auditor's report for 1859.

⁴ Auditor's report for 1860.

⁵ Auditor's report for 1863.

⁶ Auditor's report for 1866.

⁷ Auditor's report for 1873.

⁸ Auditor's report for 1888.

⁹ Auditor's report for 1891.

¹⁰ Auditor's report for 1897.

amounting in 1899-1900 to \$54,565 out of a total state tax of \$2,132,368. Of late years nearly one-half of the income tax has been paid by the city of Richmond. For the past quarter of a century only about three-fourths of the counties in the state have levied the income tax, and during the past decade on an average only 71 counties out of the 100 have made any returns of the tax at all.

These facts¹ show that while the income tax has yielded more revenue than in some of the other states, it cannot be regarded as a success. In 1899-1900 it amounted to only a little over one-fortieth of the total state tax. The administration of the tax has not been general, it does not seem to be growing in public favor, and as a source of revenue it has been insignificant.

¹ For a more complete statement see Appendix B.

CHAPTER V

THE INCOME TAX IN NORTH CAROLINA

The income tax first appeared in North Carolina in 1849. A law of that year levied a three per cent tax upon all interest safely secured and on all profits derived from money invested in trade or in stocks or shares of any corporation or trading company. Persons whose interest or profits did not exceed the sum of \$60 were exempt, and every person was allowed to deduct from the interest or profits which he received an amount equal to the sum of interest which he owed or paid.¹ The tax popularly known as the "tax on salaries and fees," levied by the same act, although treated by some as an income tax, was rather a license tax. It provided that after the first five years of their practice all surgeons, dentists, physicians, lawyers, and all other persons, except ministers of the gospel, the governor of the state, and judges of the supreme court, whose practice, salary, or fees separately or together yielded an annual income of \$500 should be subject to an annual tax of three dollars.³ The objects made subject to the income tax were to be returned under oath to the justices of the several counties in the state the same as was other property,⁴ and any one failing or refusing to do so was obliged to pay, in addition to a double tax, a fine of \$100.⁵

A reenactment of the law in 1851 brought a reduction

¹ Laws of 1848-49, chap. 77, secs. 1, 2, 4.

² E. R. A. Seligman, The income tax in the American colonies and states, *Political Science Quarterly*, vol. X, p. 241.

³ Laws of 1848-49, chap. 77, sec. 6.

⁴ Laws of 1848-49, chap. 77, sec. 5.

⁵ Laws of 1848-49, chap. 77, sec. 11.

of the exemption from \$60 to \$30¹ and a change of the tax upon salaries and fees to one more in the form of an income tax. All persons except ministers of the gospel, the governor of the state, and the judges of the supreme and superior courts were to pay upon their annual salaries and fees when the same exceeded \$500 three dollars for the first \$500 excess and two dollars for every additional \$500.²

In 1855 the law declared that the three per cent tax should be charged upon net interest even though it were converted into principal, since it became an interest bearing subject.³ The tax upon profits was also made more explicit by the provision that the three per cent rate should be charged upon all net dividends or profits actually due or received from money invested in steam vessels of twenty tons burden or upwards, in stocks of any kind, or in shares of any incorporated or trading company. This tax was levied upon all bank dividends and upon the income derived from bonds and certificates of debt of any other state or county or of any public corporation.⁴ The exemption allowed was now lowered from \$30 to \$6, but the individual when determining his net interest or profits was permitted as before to deduct from the amount received by him such interest as had accrued against him.⁵ The tax upon salaries and fees was modified by the provision that all persons, except ministers of the gospel, whose practice, salaries, or fees amounted to \$500 annually should pay a tax of three dollars on the \$500 and two dollars on every addi-

¹ Laws of 1850-51, chap. 121, sec. 2.

² Laws of 1850-51, chap. 121, sec. 4.

³ Laws of 1854-55, chap. 37, sec. 19.

⁴ Laws of 1854-55, chap. 37, sec. 20.

⁵ Laws of 1854-55, chap. 37, sec. 21.

tional \$500 until their income exceeded \$1500, and five dollars for every \$500 above that amount.¹ The judges of the supreme court of the state, questioning whether they were to pay the tax upon their salaries, addressed a series of questions to the attorney general, who, in reply, expressed the opinion that the legislature intended to tax the salaries of all state officials, but in so far as the tax affected the salaries of the state judges it was unconstitutional.² However, the matter was never brought to a test.

With the exception of an increase in the rate of the tax to four per cent³ no further change took place until the important modification of 1859. The objects of taxation were arranged in three schedules—A, B, and C. Schedule A contained the “listed property,” including real and personal property and polls; B, licenses; and C, corporations. Henceforth the income tax is listed in schedule A. The rate on income from interest remained four per cent, but it was expressly declared that the assessment should be made whether the interest had been received or had simply accrued. However, the actual scope remained practically as before. The tax upon profits was extended so as to reach a few unimportant sources. For instance, a tax of one per cent was levied upon the receipts of ferries, five per cent upon those of toll gates and toll bridges, while “note shavers” were required to pay, in addition to their interest tax, ten per cent on the aggregate amount of their profits. The tax upon the profits derived from the slave trade was at the same time changed to a tax on the amount of purchases. The tax upon salaries and fees

¹ Laws of 1854-55, chap. 37, sec. 39.

² 3 Jones, Appendix.

³ Laws of 1856-7, chap. 34, secs. 19, 20, 21.

was now made general, the law providing that "every resident surgeon, dentist, physician, lawyer, portrait or miniature painter, daguerrean artist or other person taking likenesses of the human face; every commission merchant, factor, produce broker, and auctioneer; every state and county officer, and every person in the employment of incorporated or private companies, societies, institutions or individuals, and every other person (except ministers of the gospel and judges of the superior and supreme court) whose annual total receipts and income (whether in money or otherwise) in the way of practice, salary, fees, wages, perquisites and emoluments, amount to, or are worth five hundred dollars or upwards" should pay a tax of one per cent on their total receipts and income.¹

Difficulty having been experienced in enforcing the law as passed in 1859, an act amending it was passed early in 1861. It required that the tax upon interest should be construed to extend to that received or accrued whether held in one's own right or as a guardian, executor, administrator, clerk or clerk and master of any court, or as a trustee or agent of any kind whatever. Every person having in his possession interest subject to taxation was required to list it. The tax upon interest derived from public bonds was also extended to include that received from bonds of the state issued after February 23, 1861, the date upon which the bill was ratified. The rate remained four per cent.

A provision requiring that the tax upon profits be levied upon the "net dividend or profit" miscarried through the failure of the law to state what deductions would be allowed in arriving at the net dividend or profit. A discrimination was now made against the prof-

¹ Laws of 1858-9, chap. 25, sec. 27.

its made from capital invested in certain banks, the profits received from capital invested in the Bank of Washington, the Merchants' Bank of Newbern, the Bank of Wadesboro, the Bank of Fayetteville, or the Commercial Bank of Yanceyville being taxed nine per cent, while profits received from capital invested in shares of other banks or in corporations, trading companies, or steam vessels of twenty tons burden or upwards were taxed only four per cent.

The tax upon salaries and fees was now modified so as expressly to include the presidents and cashiers or treasurers of banks, railroads, and other incorporated companies. This in no wise changed the scope of the tax, these classes having been formerly included in the general provision taxing the salary of persons in the employment of individuals or of incorporated or private companies. This law repealed the provision exempting ministers from the tax.¹

A few months after the passage of this act the war broke out, and the legislature quickly convened in extra session and voted an appropriation of \$5,000,000 for public defense. Early in the autumn of the same year it was again convened and this time it revised the revenue law, but without seriously altering the portion relating to incomes. It was provided that the stock and interest held by individuals in all corporations except banks should be assessed, not upon the individual stockholder, but upon the corporation, which should pay the tax.² The Commercial Bank of Wilmington, the Farmers' Bank of North Carolina, and the Bank of Charlotte were added to those subject to the special bank tax, the rate of which was now lowered to seven and

¹ Laws of 1860-1, Regular session, chap. 32, schedule A, sec. 2.

² Laws of 1861, Second extra session, chap. 31, sec. 5.

one-half per cent, while that levied upon other banks remained at four per cent. The tax upon toll gates, turnpike roads, toll bridges, and ferries was now fixed at two and one-half per cent on their total income. The provision exempting judges from the tax upon salaries and fees was also repealed, making the tax general in its application. The income tax throughout this period was collected by the sheriffs.¹

In 1863 the general exemption allowed on incomes from salaries and fees was raised to \$1000, with the provision that the clause should not be interpreted to apply to the salaries of judges of the supreme or superior courts of law, to those of military officers in actual field service of the Confederate or state governments, or to the salary of the governor.

The tax upon profits underwent important changes.² The tax levied upon the profits or interest from capital invested in the banks enumerated was raised from seven and one-half to eight per cent. The ten per cent tax formerly levied upon "note shavers" was now made to include every money exchange, bond and note broker, private banker, and agent of a foreign broker and banker. A tax of twenty per cent was levied upon the profits of persons dealing in liquors, wines, or cordials brought into the state or bought from a non-resident, and a tax of ten per cent on the profits of persons dealing in spirituous liquors distilled in the state. The two and a half per cent tax upon the gross income of toll gates, turnpike roads, toll bridges, and ferries was retained. All persons keeping houses of public entertainment whose annual gross income amounted to \$300

¹ Laws of 1861, Second extra session, chap. 31, secs. 54, 56.

² Laws of 1863, Regular session, chap. 53, sec. 70.

were taxed one per cent.¹ A tax of two per cent was also levied upon the annual "net profits or dividends" of money or capital invested in the manufacture of cotton or woolen goods, leather, or articles made of leather, iron, or tobacco, and upon that derived from money invested in steamboat companies and railroads. The law providing for license taxes, strange to say, also subjected the industries just mentioned to a tax equal to the net profits in excess of seventy-five per cent of the cost of production ;² but at the adjourned session which met in December of the same year this clause was repealed and the two per cent tax on profits was made to include the net profits or dividends received from money employed in the purchase and sale of cotton or woolen goods, leather, or articles made from leather, iron, or tobacco, or of corn, flour, bacon, and other provisions, salt, cotton, tobacco, leather, and naval stores. A tax of five per cent was levied upon the net profits derived from the purchase and sale of articles imported into the state from neutral ports through the blockade or bought in any of the states with which North Carolina was at war.³

By the legislature which met in 1864, surgeons, dentists, lawyers, all persons making likenesses of the human face, commission merchants, factors, and produce brokers were made subject to a tax of two and one-half per cent on so much of their annual income as exceeded \$1000. "All other persons whose fees, wages, perquisites, salaries and emoluments amounted to an annual receipt of one thousand dollars and upwards" were taxed one per cent as before.⁴ The principal members

¹ Laws of 1863, Regular session, chap. 53, secs. 70, 86.

² Laws of 1863, Regular session, chap. 53, sec. 86.

³ Laws of 1863, Adjourned session, chap. 22, secs. 1, 2, 3.

⁴ Laws of 1864, chap. 27, schedule A, sec. 70.

of this class were the state and county officers (except the governor and the judges of the supreme and superior courts) and persons employed by incorporated or private companies, societies, institutions, and individuals.¹ The governor, the judges of the supreme and superior courts, military officers in the actual field service of the Confederate or state governments, and all "officers disabled and retired for physical disability" were exempt.²

The tax upon profits continued much as before. The tax upon "note shavers" money, bond brokers, and private bankers and brokers was raised from ten to twenty-five per cent; that upon the profits of dealers in liquors, wines, and cordials purchased from non-residents of the state or brought into the state was raised to thirty per cent; while that on the profits of dealers in liquors purchased from residents or distilled in the state was increased to fifteen per cent. The tax upon the gross income of toll gates, turnpike roads, toll bridges, and ferries was raised to six per cent, while that upon the gross income of houses of public entertainment in excess of \$300 was raised to three per cent.

The profits derived from capital invested in steamboats and railroads were taxed five per cent. The same rate was charged upon profits made by the exchange or in the manufacture of cotton and woolen goods, leather, and articles made of leather, iron, and tobacco and upon profits made in the manufacture of salt if such annual profits did not exceed \$10,000; if the profits were between \$10,000 and \$20,000, a tax of twelve per cent was charged; if between \$20,000 and \$30,000, a tax of fifteen per cent. The net profits derived from the purchase and sale of goods imported through the blockade, as re-

¹ Cf. Laws of 1861, Regular session, chap. 32, schedule A, sec. 2.

² Laws of 1864, chap. 27, sec. 52.

ported quarterly under oath by the importers to the sheriff or tax collector of the county where the purchases and sales were made, were subject to the same tax. In levying this tax upon profits from capital invested in transportation companies and in trading and manufacturing, it was expressly provided that no deduction should be allowed for taxes paid to the state, to any other state, or to the Confederacy. It was also required that the stock or interest held by individuals in corporations and businesses should be listed with the individual property of the holders in the counties where they resided, except stock in corporations exempt from any other tax than that imposed by the charter. The taxpayers were required to furnish sworn lists of their property; and in case they failed or refused to do so, a double tax was levied.¹

In 1865, by an "ordinance" passed by the state convention then in session, the tax upon the salaries and fees of surgeons, dentists, physicians, lawyers, artists, commission merchants, factors, brokers, and auctioneers was extended to the income of owners of woolen or cotton factories; the rate was made one per cent upon the amount in excess of \$1000.² The tax upon the profits of "note shavers," bond brokers, and private bankers was extended to include agents of brokers or bankers in other states, and the rate was lowered to six per cent.³

The law of 1866 again made general the tax upon salaries and fees; state and county officers, the president and all other officers of banks, railroads, and other incorporated companies, and "all other salaried persons," except ministers of the gospel, whose annual salaries or

¹ Laws of 1864, chap. 27, secs. 2, 4, 12, 27, 52, 68.

² Laws of 1865, chap. 9, sec. 2.

³ Laws of 1865, chap. 9, sec. 7.

fees amounted to \$500 were required to pay a tax of one per cent "on such total salaries and fees."¹

The rate upon general profits was made progressive by the provision that the net income and profits received by any person, joint stock company, or corporation from any source whatever, except salary and fees, should be listed as "income" and subject to the following rates:— one per cent on incomes above \$500 and less than \$1000; two per cent on incomes above \$2000 and less than \$3000; two and one-half per cent on incomes above \$3000 and less than \$4000; three per cent on incomes above \$4000 and less than \$5000; and three and one-half per cent on incomes of \$5000 or more. It was expressly provided that this tax should be levied upon the interest received from bonds or securities issued by any state, by the United States, or by any foreign government.

In estimating the net income or profits, the individual was allowed to deduct all taxes due the state other than the income tax, rent for the use of buildings or other property, interest on actual incumbrances, usual or ordinary repairs, the cost or value of all labor except that of the taxpayer himself, and the cost of all raw materials, food, or other necessary expenses incidental to the business from which the income was derived. In order to prevent double taxation, it was provided that this tax should be levied in addition to the other taxes except when they were levied upon receipts, dividends, or profits.²

The tax upon the interest or profits derived from capital invested in bank stock remained as before except that the rate upon the interest or profits derived from

¹ Laws of 1866, chap. 21, schedule A, sec. 7.

² Laws of 1866, chap. 21, schedule A, sec. 8.

capital invested in the eight enumerated banks was raised to nine per cent.¹ The tax upon the profits of note shavers, bond brokers, and the like was now changed so as to tax only money or exchange, and bond or note brokers and their agents, who were now required to pay, in addition to a considerable license tax, a rate of five per cent upon their gross profits.² The tax upon the gross receipts of toll gates and toll bridges was made five per cent, while that upon the gross income from ferries was made progressive, the rate being one per cent if the annual income was more than \$100 and less than \$500, and ten per cent if it amounted to \$500 or more.³ The tax upon the annual gross receipts of hotels, restaurants, and eating houses was now lowered to one-half of one per cent upon the amount in excess of \$300.⁴

The changes made in the income tax law in 1867 show a tendency to return to the old proportional rate. Income and profits were made subject to a rate of one-half of one per cent if the income amounted to \$500 and was less than \$3000, and to a rate of one per cent if the income amounted to \$3000 or more.⁵ The taxpayer was now requested to return both his gross income and the gross amount of his expenses during the year.⁶ The tax upon banks was made three per cent upon the dividends declared, to be paid semi-annually.⁷ The tax upon the gross receipts of toll gates, toll bridges, and ferries was now made uniform and was fixed at ten per cent of the amount of the net annual receipts in ex-

¹ Laws of 1866, chap. 21, schedule A, sec. 5.

² Laws of 1866, chap. 21, schedule B, sec. 11.

³ Laws of 1866, chap. 21, schedule A, secs. 3, 4.

⁴ Laws of 1866, chap. 21, schedule B, sec. 5.

⁵ Laws of 1866, chap. 72, schedule A, class 2, sec. 6.

⁶ Laws of 1866-7, chap. 72, schedule A, class 3, sec. 1.

⁷ Laws of 1866-7, chap. 72, schedule C, sec. 4.

cess of \$500.¹ The rate of the tax upon the gross receipts of hotels, restaurants, and eating houses was lowered to one-fourth of one per cent.² The rate of the tax upon annual salaries and fees was also lowered from one per cent to one-half of one per cent.³ In order to prevent double taxation or evasion it was declared that all taxes on purchases, sales, receipts, earnings, incomes, or profits unless otherwise directed should be on the total amount during the year.⁴

The year 1867 marks the zenith of the North Carolina income tax. This is due in part to the clause inserted in the constitution adopted in 1868 prohibiting the taxation of incomes derived from property already taxed.⁵ The law of 1869, though much simpler in form, was more general in scope. It required that a tax of two and one-half¹⁶ per cent should be levied upon the annual net income and profit from any source whatever, other than that derived from property taxed. In estimating his net income, each individual was permitted, as he had been for a number of years, to deduct other taxes due the state, rent for the use of buildings or other property used in the business from which the income was derived, usual or ordinary repairs, and the cost or value of all labor except his own and of the raw materials, food, and other necessary expenses incidental to the business from which the income was derived. In addition to this he was now allowed to deduct the expense of keeping his family, but in no case should the amount exceed \$1000 per year.⁶ The tax which by the law of 1867 had been

¹ Laws of 1866-7, chap. 72, schedule A, class 3, sec. 4.

² Laws of 1866-7, chap. 72, schedule A, class 3, sec. 7.

³ Laws of 1866-7, chap. 72, schedule A, class 2.

⁴ Laws of 1866-7, chap. 72, sec. 1.

⁵ Constitution of 1868, article 5.

⁶ Laws of 1868-9, chap. 108, class 2, sec. 1.

levied upon the net receipts of toll gates, toll bridges, and ferries was changed to a two per cent tax on gross receipts.¹ The tax upon the gross income of hotels, boarding houses, restaurants, and eating houses was raised to one per cent, such as were used for educational purposes being exempt.²

In 1870 the rate levied upon net income or profits was lowered to one and one-half per cent³ and the tax upon toll bridges, toll gates, and ferries was again changed to a one per cent tax upon net receipts, no exemption being allowed.⁴ "Gift enterprises," which had been subject to a license tax, were now made subject to a tax of one per cent upon their gross receipts.⁵ Except for unimportant modifications⁶ the law remained in this form for nearly

¹ Laws of 1868-9, chap. 108, class 2, schedule B, sec. 18.

² Laws of 1868-9, chap. 108, class 2, schedule B, sec. 16.

³ Laws of 1869-70, chap. 229, class 2, sec. 1.

⁴ Laws of 1869-70, chap. 229, schedule B, sec. 15.

⁵ Laws of 1869-70, chap. 229, schedule B, sec. 6.

⁶ In 1871 the rate on "incomes" was made one per cent; the tax on "gift enterprises" remained at one per cent of gross receipts; lotteries were required to pay, in addition to their license tax, a tax of five per cent upon their gross receipts; the semi-annual tax on banks was made five per cent on the annual dividends or profits. (Laws of 1870-71, chap. 227.)

In 1873 the tax upon hotels, restaurants, and eating houses and also that upon the receipts of toll bridges, toll gates, and ferries was lowered to one-fourth of one per cent, and the tax on gift enterprises to one per cent on gross receipts. (Laws of 1872-3 chap. 144.)

In 1874 it was provided that a tax of one per cent should be levied upon the commission received by commission merchants. (Laws of 1873-4, chap. 134.)

In 1875 the tax upon banks was changed from a tax upon profits to one upon the value of the stock, and the tax upon incomes was raised to two per cent. (Laws of 1874-5, chap. 185.)

In 1877 the rate upon "incomes" was lowered to one per cent; a tax of one-half of one per cent was levied upon the profits of horse and mule traders; and the tax upon commissions was extended to include those of auctioneers. (Laws of 1876-7, chap. 156.)

In 1879 the tax on commissions was extended to commissions from

twenty years. In 1881 the deduction allowed in estimating the income subject to taxation was confined to rent of property and cost of labor and raw materials used in the business from which the income was derived and to the necessary expenses of supporting the family. In no case should the total deduction exceed \$1000.¹ In 1885 this maximum exemption was raised to \$1500.²

In 1887 a distinction was made between income received in the form of salaries and fees and other forms of income. The first was now taxed one-half of one per cent, with an exemption, as before, of \$1000 for business and family expenses. A rate of one per cent was levied on incomes and profits derived from property not taxed, with no exemptions.³ The tax upon hotels, eating houses, and restaurants was repealed. In 1891 the \$1000 exemption allowed in the case of salaries and fees was repealed,⁴ and it was required that the source or sources of the income should be stated at the time of assessment.⁵

In 1893 the law assumed a more detailed form and the progressive rate was reintroduced. Income received sales of tobacco by tobacco warehouses in excess of three hundred thousand pounds, and the tax upon the receipt of ferries was lowered to one-tenth of one per cent. (Laws of 1879, chap. 70.)

In 1881 the tax upon the receipts of ferries was changed again to one-half of one per cent, and the tax upon profits from trading in horses and mules was made a straight license tax. (Laws of 1881, chap. 116.)

In 1883 the tax upon the receipts of "gift enterprises" and lotteries was changed to a straight license tax. (Laws of 1883, chap. 136.)

In 1885 auctioneers were taxed on sales, and tobacco warehouses were made subject to a straight license tax. (Law of 1885, chap. 175.)

¹ Laws of 1881, chap. 116, class 2, sec. 1.

² Laws of 1885, chap. 175, class 2, sec. 7.

³ Laws of 1887, chap. 135, sec. 5.

⁴ Laws of 1891, chap. 323, sec. 5.

⁵ Laws of 1891, chap. 326, sec. 17.

in the form of salaries and fees was taxed, as in 1887, one-half of one per cent on the excess over \$1000. The rate on the gross income derived from property not taxed was fixed at five per cent; while that on income derived from other sources not taxed was made progressive, being one-fifth of one per cent on the excess over \$1000 and up to \$5000, one-fourth of one per cent on the excess over \$5000 and up to \$10,000, one-half of one per cent on the excess over \$10,000 and up to \$20,000, and one per cent on the excess over \$20,000.¹ The tax of one per cent upon the commissions of commission merchants was also extended to brokers.²

In 1895 the rate upon income from sources other than property taxed was made one-fourth of one per cent on the excess between \$1000 and \$5000, one-half of one per cent on that between \$5000 and \$10,000, one per cent on that between \$10,000 and \$20,000, and two per cent on that above \$20,000.³ The rate on the gross income of toll bridges, toll gates, and ferries was also raised to two per cent.⁴ In 1897 this law of 1895 was reenacted verbatim.⁵ On March 8, 1899, the present law providing for the same rates as the law of 1895 was enacted.⁶ Each person is required to make annual returns stating the amount of his income subject to taxation.⁷

The revenue from the income tax in North Carolina has been comparatively small. The tax for 1849, the

¹ Laws of 1893, chap. 294, schedule A, sec. 5.

² Laws of 1893, chap. 294, schedule B, sec. 20.

³ Laws of 1895, chap. 116, schedule A, sec. 5.

⁴ Laws of 1895, chap. 116, schedule B, sec. 18.

⁵ Laws of 1897, chap. 168, schedule A, sec. 5.

⁶ Laws of 1899, chap. 11, sec. 6.

⁷ Laws of 1899, chap. 15, secs. 16, 18.

first year the law was in force, amounted to only \$28,277. Of this sum \$25,135 was derived from the tax on interest, \$1619 from that on dividends and profits, and \$1523 from that on salaries and fees. Seventy-five out of the seventy-nine counties in the state levied the tax on interest, but only twenty-six counties that on dividends and profits and fifty-five that on salaries and fees.¹ In 1850, with a state tax of \$151,713, the tax on incomes amounted to \$28,802, \$25,010 being received from the tax on interest alone, \$677 from that on salaries and fees, and \$3115 from that on dividends and profits. Of the eighty counties in the state, seventy-six returned the tax on interest, thirty-eight that on salaries and fees, and thirty-five that on dividends and profits.² In 1851 the total income tax amounted to \$30,691, \$27,600 being received from the tax on interest, \$1842 from that on salaries and fees, and \$1246 from that on dividends and profits. Of the eighty-one counties in the state, all returned the tax on interest, twenty-eight that on salaries and fees, and thirty-two that on dividends and profits.³ Although the income tax was continually extended in scope until the adoption of the new constitution in 1868, yet in 1867 the tax yielded but \$3839. Of this amount \$1648 was from the tax on salaries and fees and \$2191 from that on other forms of income. Of the seventy counties in the state, twenty-five returned no tax on salaries or fees and twenty-two none on "net income."⁴ By 1877 the tax on "net incomes and profits" had fallen to \$1685 out of a total state tax of \$495,542.⁵ In 1890 the income tax was

¹ Comptroller's report for 1850.

² Comptroller's report for 1851.

³ Comptroller's report for 1852.

⁴ Auditor's report for 1868.

⁵ Auditor's report for 1878.

\$2112 out of a state tax of \$601,250, and in 1895 \$2731 out of a state tax of \$589,385.¹ In 1899, with a state tax of \$723,307, the income tax amounted to only \$4399; and with the single exception of 1897, when it was \$4594, this was the largest amount yielded by the income tax during any year of that decade. Of the ninety-six counties in the state fifty-eight levied the tax, the largest number during the decade.

These statistics² show that the income tax has been a complete failure as a source of revenue. However, Benjamin F. Dixon, the present state auditor, says in a private letter in reference to the income tax: "Officials have been very lax in assessing and collecting the taxes. I think a majority of our people are in favor of it, and if the officers would do their duty in regard to listing and collecting the tax, the state would receive a very handsome revenue from this source."

¹ Auditor's report for 1891 and for 1896.

² For a more complete statement see appendix C.

CHAPTER VI

THE INCOME TAX IN ALABAMA

From 1819, when Alabama entered the Union, until about 1840, the revenues of the state were derived, as were those of her sister states, principally from licenses, poll taxes, and property taxes. However, under the influence of the strong democratic sentiment which in the early forties swept over the United States, in 1843 a distinct effort was made to attain greater justice in the distribution of the burdens of taxation. The old method of arranging the lands of the state for the purpose of taxation into four classes was abandoned and the system of assessment according to actual value introduced. At the same time the germ of what was to develop later into practically a general income tax made its appearance in the provision that a tax of twenty-five cents should be levied upon every \$100 of income of all auctioneers, factors, cotton brokers, and commission merchants doing business in the state.¹

As this tax reached only a few of those escaping taxation, in 1844, in addition to this tax, which was now reduced to twenty cents on every \$100 of income, a rate of one-half of one per cent was levied on the gross annual income of all lawyers, physicians, surgeons, dentists, and all persons receiving a fixed salary from the state treasury or from any bank, mercantile house, university, college, or high school. In case any refused to make returns the assessor was to assess them at \$3000.

Profits were but little affected by the law, it being simply required that such gross income as was derived from public ferries, toll bridges, and turnpike gates should be

¹ Laws of 1842-3, act 1, sec. 5.

subject to a tax of one-half of one per cent.¹ This insignificant effort to reach profits was the beginning of a movement which, during the Civil War, developed into a general profits tax. The law remained substantially unchanged during the succeeding four years. Although the taxes secured a more just distribution of the burdens, many still escaped, while others did not contribute according to their ability.

Another act was passed in 1848 with the object of attaining greater clearness and of securing greater justice. The rate upon commissions and brokerage was raised to one per cent on all sums received or charged by any factor, commission merchant, cotton broker, or auctioneer for services in buying or selling any goods, wares, or merchandise or for any other service done in the course of the business.² The rate levied on the income of lawyers, physicians, surgeons, dentists, and those receiving fixed salaries was now extended to the income of "every person of whatever craft, employment or profession except artisans and manual laborers." The income of lawyers, physicians, surgeons, and dentists subject to taxation was to be only so much as was actually collected, provided that the minimum tax paid should be five dollars.³ The gross income of all cotton pickeries in the state was also made subject to a rate of one per cent. By this act also the principle of special exemption was introduced and applied to the income of artisans and manual laborers and all income derived from property paying a tax to the state.⁴ The act provided that the tax upon commissions and brokerage should in no way ex-

¹ Laws of 1843-4, act 106, secs. 5, 7, 8.

² Laws of 1847-8, act 1, sec. 85.

³ Laws of 1847-8, act 1, sec. 83.

⁴ Laws of 1847-8, act 1, sec. 1.

empt capital employed in the business, but that those subject to the tax should be exempt from all other taxes on income. The counties were divided into assessment districts and the individuals of each district were required to return to their assessor a full list of all taxable property owned by them.

After two years' trial the law underwent a number of significant changes. While the tax of one per cent upon salaries fixed by law and upon the income received by factors, brokers, auctioneers, and commission merchants was continued, it was provided that lawyers, surgeons, physicians, and dentists might pay either a one-half per cent tax upon their annual income or an annual license tax of ten dollars. This option was after a number of years changed to an obligatory license tax. The principle of exempting a certain sum in case of salaries was now introduced by the provision that the tax should be levied only on the gross income in excess of \$500 received by any public officer whose salary was not fixed by law, by clerks and book-keepers, presidents of local companies, agents of foreign companies, or by individuals operating within the state. The tax on cotton pickeries was now made one per cent on the gross profit. This method of reaching profits was also extended to include that derived from warehouses used for the storage of cotton and all other forms of merchandise. The tax upon incomes from these new sources was placed at one per cent.¹ In order that more definite returns might be secured, it was provided that all persons subject to the income tax should keep a correct account of all income received by them during the year, and exhibit this account to the collector, verifying it under oath. In case they failed to do so they were to

¹ Laws of 1849-50, act. I, sec. 1.

be declared guilty of misdemeanor, and if convicted to be fined not less than \$50.¹ In this form the revenue system appears to have met no serious opposition, no further changes being made until the breaking out of the Civil War, when the necessities of the times demanded an increase of the revenues.

In 1862 the tax was so extended as to make it almost a general income tax. A tax of ten per cent was levied upon the wages or salaries of all persons who by reason of any engagement, appointment, or contract in any department of the Confederate government were exempt from conscription. An equal tax was levied upon income received from any contracts on account of which the person or persons had been exempted by the state from military service in the Confederate army.²

The desire to tax income received in the form of profits led to the most important extension of the law. A sentiment in favor of such a step had been slowly developing since the forties, but it was necessary that the demands of justice should be reënforced by those of expediency before it could take shape in legislation. True, profits had been reached in a rough sort of way by the license tax, but this was not satisfactory. Consequently in 1862 it was provided that a tax of five per cent should be levied upon the "net profit" received during the year by any individual from hotels, distilleries, breweries, restaurants, tanneries, foundries, forges, warehouses, saw, grist, or other mills, hacks, drays, stage-coaches, omnibuses, steamboats, railroads, establishments for the manufacturing or repairing of shoes, harness, hats, carriages, wagons, guns, pistols, or bowie knives, establishments for the manufacturing of iron, woolen, and cotton goods,

¹ Revised statutes, 1852, p. 133.

² Laws of 1862, act 1, sec. 10.

cotton yarn, or for carding and spinning wool or cotton, from mining, quarrying, or working marble, and all other kinds of manufacturing establishments; also upon the net profits derived from cotton presses, printing establishments, and livery stables. In estimating the "net profit" the amount of capital actually invested and necessarily employed was to be considered and the profits were to include all gains made by sales or resales either directly or indirectly.

An equal tax was also levied upon the net profit received during the year by any individual from the sale of any forms of merchandise or commodities, many of which, including negroes, were specifically enumerated. The net profit was to be estimated in reference to the original price paid to the producer, manufacturer, or importer, adding the expense of transportation, insurance, exchange, and all other bona fide expenses. That the levy might not result in double taxation it was further provided that all capital invested in any business the net profits of which were taxed should be exempt. This did not apply, however, to capital employed in tanneries, in the manufacture of woolen or cotton goods or cotton yarn, or in the manufacture and sale of shoes or to investments in steam-boats, all of which, it was thought, would make sufficient gains as a result of the war to pay the additional tax without serious inconvenience. In order to assist the assessor to obtain full and correct returns the law provided that any person subject to the above tax willfully failing or refusing to furnish a written statement, under oath, of his receipts, sales, salary, commissions, and profits should be liable to fine or imprisonment or both. The assessor was also to keep himself posted upon the facts as nearly as possible and was given authority to examine any per-

son upon oath whom he believed to be acquainted with the facts as to the correctness of any list or valuation.¹

The following year the tax upon "net profits" was extended to include those derived from the purchase and sale of gold, silver, sterling exchange, bank notes, bonds of the Confederate states and of the state of Alabama, bonds of railroad companies, domestic bills of exchange, notes, and all other evidences of debt. The rate was increased to seven and one-half per cent.² Since evasions had taken place, notwithstanding all the precautions and threats of the previous year, the assessors were now required to demand of each taxpayer an affidavit in writing stating whether or not he had paid the tax upon profits levied during the previous year, and to collect all that had not been paid.³

In 1864 the rate upon all forms of income except profits was raised. However, the ten per cent tax which had been levied since 1862 upon the wages and salaries of all persons who by reason of any engagement, appointment, or contract in any department of the Confederate government were exempt from conscription was repealed.⁴

In 1866 the tax became less complex in form but at the same time approached more nearly a general income tax. While in some instances the law continued to designate the source from which the income should be derived, a general provision required that "a tax of one per cent should be levied upon the annual gains, profits, salaries and income in excess of \$500 received by any person within the state." In determining the amount

¹ Laws of 1862, act 1, secs. 3, 4, 5, 11, 12.

² Laws of 1863, act 83, sec. 2.

³ Laws of 1863, act 83, sec. 3.

⁴ Laws of 1864, act 63.

of income subject to taxation the following deductions were allowed: all taxes except the income tax; all income derived from dividends or shares in the capital stock of an incorporated company where such tax had been assessed and paid by such incorporated company; the rental value of the homestead, whether owned or rented by the person occupying it; the rent paid for all buildings, lands, or other property; the interest paid upon actual incumbrances; the amount paid for ordinary repairs, not including new buildings; the wages of labor to cultivate the lands or to conduct any other business from which the income was derived.¹ The following year the law was reënacted without important change,² except that the exemption was raised to \$1000. In 1868 the rate of the tax upon incomes was raised to three-fourths of one per cent and the tax was extended so as to include the gross income of breweries, lotteries, and gift enterprises and the commissions of real estate brokers.³ The exemption was also increased to \$1000.

With the exception of changes in the rate, this tax continued without modification until 1875,⁴ when factors, brokers, commission merchants, and auctioneers were allowed to deduct from their annual income the actual expenses of conducting their business, and when the exemption allowed in the case of salaries was lowered to \$500.⁵ In the following year this exemption was withdrawn and a tax of seventy-five cents levied upon each \$100 of all salaries, gains, incomes, and profits.⁶ Except for changes in rate the law continued in this form

¹ Laws of 1865-6, act 1, chap. 1.

² Laws of 1866-7, act 260, sec. 3.

³ Laws of 1868, November session, act 1, secs. 4, 6, 13.

⁴ See Laws of 1873, act 1.

⁵ Laws of 1874-5, act 1, secs. 4, 11,

⁶ Laws of 1875-6, act 1, chap. III, sec. 4.

until 1881, when a tax of sixty-five cents was levied on each \$100 of salary, income, gains, or profits in excess of the actual expenses incident to the office, business, or pursuit from which the income was derived. Persons subject to the tax were permitted to deduct \$800 for living expenses.¹

This was the last serious attempt made by the state to levy a general income tax. Evasion was so common that the auditor in 1883 said in his report: "Taxes upon salaries, gains, incomes and profits are regarded with disfavor by almost every taxpayer, no matter how willing he may be to contribute his part to the support of the government of the state. Such taxes are, in the very nature of things, attained by processes inquisitorial in character and therefore to most persons exceedingly obnoxious. In addition to this the law authorizing them has never been and probably never will be properly executed and consequently does not bear equally alike upon all. The person with a salary, although he uses every dollar of it in an economical support of his family, must pay a tax upon it whether he is willing or not, because of the ease with which the assessment can be made; while another, who has an income of thousands annually, avoids a tax upon it by simply saying he has none and because of a lack of persistence upon the part of the assessor. I do not hesitate, therefore, to give it as my opinion that it should be repealed. If this is not done, it should be modified so as to leave every man so much of his salary, exempt from taxation, as may be necessary to support his family, and so amended as that it shall force the man with the real income to pay a tax upon it."²

As a consequence, in the general law of 1884, which

¹ Laws of 1880-1, acts 1 and 4.

² Auditor's report for 1883, p. 17.

revised the revenue system of the state, a special provision was incorporated requesting the assessors in each county to levy the tax due upon the salaries, gains, profits, and incomes that had escaped at any time during the preceding ten years.¹ The general provision levying the income tax was then dropped and has never since appeared upon the statutes. Until the present time, however, the tax upon certain forms of gross income, such as that of factors, commission merchants, auctioneers, cotton pickeries, warehouses, toll bridges, and ferries has continued;² but it has been of no importance. The history of the income tax in Alabama really closed with the act of 1884.

The income tax met with considerable opposition and was several times taken into court. In 1870 a taxpayer persistently refused to give in his income, declaring that he had invested it in real estate upon which he paid taxes. The matter was carried into court, where it was decided in favor of the state, the court holding that the tax should be levied according to the law on income regardless of its disposition.³ Again, in 1879, an unsuccessful effort was made to secure a decision to the effect that the taxes upon the dividends of companies and upon salaries, incomes, gains, etc., was double taxation since the latter was, as a rule, paid out of the former.⁴ Since this open hostility was supported by a general indifference with respect to the enforcement of the law, it is not surprising that the tax soon ceased to be levied.

Alabama's experience with the income tax as a source of revenue was not unlike that of the other states. The

¹ Laws of 1884-5, act 1, sec. 6.

² Laws of 1898-9, p. 50.

³ 44 Alabama, 593.

⁴ 64 Alabama, 269.

decade between 1870 and 1880 may be taken as well illustrating the results of the tax in this respect. In 1870 the income tax amounted to \$11,547 out of a total state tax of over \$1,122,000, annual "gains and income" over \$1000 yielding a tax of \$10,429 on an assessment of \$1,395,520 and salaries, etc. in excess of \$1000 yielding a tax of \$1118 on an assessment of \$163,613.¹ In 1872 out of a total state tax of \$767,193, the income tax was \$8269, the tax on "gains and income" amounting to \$7318 on an assessment of \$1,009,973, and the tax on salaries, etc. amounting to \$951 on an assessment of \$132,144.² In 1875, with a total state tax of over \$459,000, the income tax amounted to \$3778, the tax on gains and income being \$3273 and that on salaries, etc. being \$505.³ In 1879 the entire income tax amounted to \$8109⁴ out of a total state tax of about \$790,000. During the last years that the tax was levied the amount of revenue received was a little greater than it was during the seventies. In 1880 it was in round numbers \$9000; in 1881, \$12,000; in 1882, \$22,000; in 1883, \$14,000; and in the last year, 1884, \$11,532. The state tax during the same period was about \$600,000 annually, in 1884 reaching \$678,000.

That as a source of revenue the income tax was quite insignificant may be explained, in part at least, by the laxness with which the law was administered. In 1870, of the sixty-four counties in the state forty-three returned gains and income, five returning over \$100,000 each and paying more than three-fourths of the tax. Twenty-eight returned salaries, three re-

¹ Auditor's report for 1870, pp. 80-81.

² Auditor's report for 1872, pp. 122-23.

³ Auditor's report for 1875, pp. 120-21.

⁴ Auditor's report for 1879, pp. 126-27.

turning more than \$10,000 each and paying over one-half the tax. Nearly one-fourth of the total tax upon incomes received by the state during the year was paid by the county of Mobile.¹ In 1872, of the sixty-five counties forty-one returned gains and income, three returning amounts aggregating more than \$100,000 each and paying nearly two-thirds of the tax. Thirty-two returned salaries, Montgomery alone returning more than \$10,000 and paying nearly one-half the tax.² In 1875 but twenty-two counties returned gains and income, Mobile alone returning over \$100,000 and paying almost half the tax. Twenty-one returned salaries, etc., Dallas returning more than \$10,000 and paying over one-fourth the tax.³ Since 1879 "gains and income" and "salaries" etc. have been reported as an aggregate sum. In that year sixteen counties returned no income of any kind. Of those making returns, three, each returning more than \$100,000, together paid over one-half the total income tax.⁴ Since 1880, of the sixty-six counties in the state an average of forty-eight have levied the tax.⁵ These facts warrant the conclusion that the law was poorly administered. We shall leave the reasons for this laxness of administration for later consideration.

¹ Auditor's report, 1870, p. 80-81.

² Auditor's report, 1872, pp. 122-23.

³ Auditor's report, 1875, pp. 120-21.

⁴ Auditor's report, 1879, pp. 126-27.

⁵ See Appendix D.

CHAPTER VII

THE INCOME TAX IN SOUTH CAROLINA

Except for the exemption of school teachers and mechanics and several changes in the rate, the tax levied by South Carolina upon profits and wages when she became a state remained in force for over half a century. In 1813, however, a law was enacted providing that all civil officers should pay a tax of forty-five cents on every \$100 which they received as perquisites of office.¹ The following year the tax was increased to sixty-two and one-half cents on each \$100. In 1832 a tax was placed upon the dividends accruing from stock owned by any citizen of the state in banks not chartered by the state.² This act, however, was probably concerned quite as much with the encouragement of state banking as with the increase of state revenues. In 1838 the old law was modified so as to provide for a tax of sixty cents on each \$100 of income derived from employments, faculties, and professions and from commissions received by venders, factors, and commission merchants. Clergymen, school teachers, and mechanics were exempted as before. The law further provided that attorneys should pay the tax upon their entire income, whether it were profits, fees, or other forms of professional income.³ In this form the law continued for nearly a quarter of a century.

When the war opened, South Carolina, being in need of revenue, at once extended her income tax. In 1861 provision was made for a tax of one per cent upon in-

¹ Statutes of South Carolina, McCord, volume 5, p. 712.

² Statutes of South Carolina, McCord, volume 6, p. 477.

³ Statutes of South Carolina, McCord, volume 6, p. 605.

come derived from "factorage employment, faculties and professions, including the professions of dentistry, clerks of courts of common pleas and general sessions, sheriffs, masters and commissioners in equity, registers in equity, registers of mesue conveyance, ordinaries and coroners, whether either in the profession or employment of law or equity, the profits being derived from the costs of suits, fees or other sources of professional income, excepting clergymen, school teachers and mechanics." The same law also provided for an equal tax upon "the amount of commissions received by vender-masters, commission merchants and commercial agents in the state" and upon all "salaries including public offices, except officers of the army and navy and wages over the sum of five hundred dollars from whatever source derived."¹ After three years the tax upon wages and salaries was repealed and the tax upon profits materially extended by the provision that, in addition to those forms of income already subject to the tax, it should be levied upon that received by "persons engaged in inland navigation or operating steam saw mills, hotel keepers, keepers of boarding houses and restaurants, and other eating house keepers, keepers of bar-rooms and lime and charcoal burners."²

As the tax still failed to meet the financial needs of the state, on the recommendation by the governor of a tax upon all salaries and incomes in excess of \$500, the legislature in 1866 extended the former law so as to make it practically a general income tax. The tax upon the income of individuals from employments, faculties, and professions was continued, ministers of the gospel being exempt. The tax on commissions was extended

¹ Laws of 1860-61, p. 837.

² Laws of 1864-65, p. 231.

so as to reach the income of brokers, factors, dealers in exchange, mortgages, bonds, and other negotiable papers. The tax upon profits was made to include those derived from saw mills, flour mills, grist mills, cotton gins, newspapers, and magazines. A tax was also levied upon the gross income of butchers, hucksters, keepers of hotels, restaurants, bowling alleys, billiard tables, bar rooms, ferries, and toll gates. Interest and rent were reached by a provision that all income in excess of \$500 per annum derived from salaries, rent, dividends, and money at interest should be subject to the tax upon incomes.¹ This law enjoyed but a short existence, for upon the adoption of the new constitution in 1868 the taxation of incomes ceased and for nearly thirty years played no part in the financial history of the state.

When the present constitution was framed in 1895, in order to keep the state tax down to four and one-half mills and also to distribute the burdens of taxation more justly, a clause was inserted in the constitution providing for "a graduated tax on incomes and for a graduated license on occupations and business."² The experience of the state in securing an income tax is interesting and instructive, as illustrating the common experience of the states with such legislation. Although public opinion appears to have favored some form of an income tax, so difficult was it for the supporters of such a measure to reach an agreement as to the exact nature of the tax and so strong was the opposition that a bill providing for an income tax introduced into the lower house in January of 1896 was decisively defeated.³

The following year another bill providing for a graduated tax was introduced. Its supporters argued that

¹ Laws of 1866, p. 395 *et seq.*

² Constitution of 1895, article X, sec. 1.

³ *Charleston Weekly News and Courier*, March 4, 1896.

an income tax is just, that the bill was largely a tax on education, which was proper as education is the capital of many, and that such a tax had been approved by a constitutional convention and by two governors and was now favored by all. The opposition was active. The *Charleston Weekly News and Courier* of February 24, in speaking of the graduated income tax, the graduated insurance bill, and the graduated license tax, said: "as they stand they propose the practical confiscation of the property of certain classes of the people. Nothing more vicious and indefensible has been proposed by the populists of Kansas." Another editorial declared that the bills should not be called "revenue bills—they should be called bills to confiscate the property of certain classes of the people of the state, and to impose unjust and unequal burdens upon selected industries, professions and occupations."¹ The general arguments advanced against the bill were that the law was unconstitutional; that it taxed the poor man; that it resulted in double taxation; that, being graduated, it bore more heavily on some than others; that it would drive capital out of the state; that it would not raise sufficient revenue; that it could not be properly administered and enforced; and that the salaried man would be obliged to pay while others would evade the tax.

Although the weight of opinion was in favor of some such measure, its advocates were unable to agree on the exemption and the rate. Some favored no exemption at all; others an exemption of various amounts from \$100 to \$2500. The exemption was finally fixed at \$1200. After much debate over the rate, this, too, was agreed upon, and the bill passed the house.² After the

¹ *Charleston Weekly News and Courier*, February 24, 1897.

² *Charleston Weekly News and Courier*, February 24, 1897.

exemption had been raised to \$2500 the bill passed the senate. This amendment was accepted by the house and the bill became a law in March, 1897, but it was not to go into effect until January 1, 1898.

The law provided that after that date there should be annually levied upon "the gains, gross profits and incomes" annually received "by any citizen of the state, whether such gains, profits or income be derived from any kind of property, rents, interest, dividends or salaries, or from any profession, trade, employment or vocation carried on in the state, or from any other source whatever, a tax of one per cent on the amount so derived over and above \$2500 and up to \$5000, one and one-half per cent on \$5000 and over up to \$7500, two per cent on \$7500 and over up to \$15,000, and three per cent on \$15,000 and over." The tax was also to be levied upon the income of persons living outside the state who owned property or conducted a trade, business, or profession within it. It was provided that the tax should not apply to interest from United States bonds or bonds of the state, the principal and interest of which are by the law of their issue exempt from taxation. Further, in computing incomes, the necessary expenses actually incurred in carrying on any business, occupation, or profession, not including remuneration to the taxpayer for personal supervision or the support and maintenance of his family, were to be deducted from the gross income or revenue, and the word "income" as used was to be taken to mean gross profits. No deduction was allowed, however, for any permanent improvements made to increase the value of the property or to increase the capital, the stock, or the assets. The tax was to be assessed and collected by the same

official and at the same time as the other taxes.¹ The amount to be raised, both for state and local purposes, was to be apportioned by the legislature among the counties and the tax was then to be levied and collected by the county officials.²

The tax levied previous to 1868 appears to have yielded but little revenue, and the present tax is apparently working unsatisfactorily. During 1899 it yielded but \$5190³ out of a total state tax of \$914,084. Of the forty counties in the state only fifteen levied the tax.⁴ A bill providing for the repeal of the tax was introduced into the legislature of 1900. During the debate in the house it was declared that the tax was an "absolute and total failure," being paid only by a few of the honest. Those in sympathy with the law declared, on the other hand, that it took time to demonstrate its advantage to the taxpayers and that it ought to be given a better and further trial. The house passed the bill,⁵ but the senate defeated it.

The amount derived from the tax during the year 1900 was only \$1,660.07, and a bill was introduced into the legislature in February of 1901 providing for the repeal of the law. Some claimed that it was a dead letter; others favored it, claiming that the principle was right. The bill was finally defeated⁶ and the tax continued. The enforcement of the law rests with the county auditors. It appears safe to conclude that the tax will remain insignificant until either the officials are compelled by law or otherwise to enforce the statute or

¹ Laws of 1897, No. 335, p. 529.

² Laws of 1896, act 125, p. 278.

³ Governor's message, delivered January 12, 1900.

⁴ Auditor's report for 1900, p. 86.

⁵ Charleston *Weekly News and Courier*, January 17, 1900.

⁶ Charleston *Weekly News and Courier*, February 9, 1901.

those liable to the tax are induced to see more clearly their duty with regard to it. Even those opposed to the law admit that they could make pretty good guesses as to those who are getting an income of over \$2500 a year if they wished to do so.¹ Present indications are that the law will soon be repealed.

South Carolina, however, has employed a local as well as a state income tax. In 1809 an ordinance was passed by the city of Charleston providing that "all profit, or income, arising from the pursuit of any faculty, profession, occupation, trade or employment" should be taxed thirty-three and one-half cents on every \$100. The tax was not to extend to clergymen, judges, or school teachers;² and the court soon after decided that it did not extend to the salaries of public officials.³ This law was in operation during much of the present century,⁴ but how successful it has been it is impossible to say.

¹ Charleston *Weekly News and Courier*, March 3, 1900.

² 3 Brev. 341, City council *vs.* Lee.

³ 3 Brev. 341, City council *vs.* Lee.

⁴ 3 Strob. 395, State *vs.* Elfe.

CHAPTER VIII

THE INCOME TAX IN GEORGIA, FLORIDA, WEST VIRGINIA, KENTUCKY, AND TENNESSEE

Georgia, Florida, West Virginia, Kentucky, and Tennessee may be grouped together, since their limited experience will demand but little attention.

Georgia has had the most extensive experience of the five states and her success was quite marked. Like Missouri, she treated the income tax strictly as a war measure. The tax was introduced early in the year 1863 by an act passed during an extra session of the legislature to provide pensions for dependent widows and orphans of soldiers and to provide for the support of disabled soldiers of the Confederate army. The act was intended to affect only such income as was received in the form of profits. Every person and body corporate engaged in the sale of goods, wares, merchandise, groceries, or provisions, in the manufacture and sale of cotton or woolen goods, in the tanning and sale of leather, in the manufacture and sale of leather goods, or in the distillation and sale of spirituous liquors was required to return under oath the annual net income or profit derived from such business.¹ If the amount received equalled twenty per cent of the capital invested, a tax of one-half of one per cent was levied; if it was between twenty and thirty per cent, the rate was one and one-half per cent; and for every ten per cent added to the ratio the rate was increased by one-half of one per cent "*ad infinitum*."² It was provided that in no case should the tax be levied upon

¹ Laws of Georgia, 1863, Extra session, title XVIII, act 166, sec. 1.

² Laws of Georgia, 1863, Extra session, title XVIII, act 166, sec. 2.

the profits made by farmers upon "the sale of their agricultural production."¹ In order to prevent evasion of the tax, it was provided that if for any reason any person failed to pay the tax assessed against him, the tax collector should bring execution against him for double the amount assessed, and that this amount should be levied and collected as in cases of execution against defaulters.²

In December of 1863 the law was reenacted with some extensions and modifications. The tax was made to include the net income or profits made by the purchase or sale of property, by persons keeping hotels, inns, or livery stables, and by brokers, auctioneers, and persons engaged in the manufacture of salt.³ The act lowered the exemption, changed the method of determining the tax, and materially increased the rate. If the net income or profits above eight per cent of the capital stock amounted to \$10,000 or less, it was taxed five per cent; if it was between \$10,000 and \$15,000, seven and one-half per cent; if between \$15,000 and \$20,000, ten per cent; if between \$20,000 and \$30,000, twelve and one-half per cent; if between \$30,000 and \$50,000, fifteen per cent; if between \$50,000 and \$75,000, seventeen and one-half per cent; if between \$75,000 and \$100,000, twenty per cent; and if more than \$100,000, twenty-five per cent.⁴ If any party failed to comply with the provisions of this act, he became liable to confinement at hard labor in the penitentiary for not

¹ Laws of Georgia, 1863, Extra session, title XVIII, act 166, sec. 6.

² Laws of Georgia, 1863, Extra session, title XVIII, act 166, sec. 5.

³ Laws of Georgia, 1863-4, Regular session, No. 75, sec. 1. The law also extended the tax to the net income or profits of corporations, such as railways, express companies, and insurance companies—a confusion commonly met with.

⁴ Laws of Georgia, 1863-4, Regular session, No. 75, sec. 2.

less than one year nor more than five, and the receiver of taxes was required to assess a double tax upon the taxable income of such delinquent.¹ The first act of 1863 assessed a tax upon the net incomes and profits received between April 1, 1862, and April 1, 1863, while the act of December imposed a tax from April 1, 1863, to April 1, 1864.²

Much trouble having arisen over the interpretation of the law, in November, 1864, the legislature said that the true intent and meaning of the act was to levy a tax on the net incomes and profits made in the purchase and sale of real and personal property. At the same time the comptroller-general was directed to remit all taxes which had been collected contrary to the law as thus interpreted.³

In March, 1865, the tax was made to include the net income and profits received by persons engaged in agriculture, in the manufacture of sugar and syrup, in the manufacture and sale of salt, in milling, and in cooperage. The exemption was raised from eight to ten per cent on the capital stock invested,⁴ the rate being continued as before.⁵ The tax was to be paid upon income received between April 1, 1864, and April 1, 1865.⁶ Punishment for evasion was made severe.⁷

An act of March 3, 1866, provided "that all laws heretofore passed, levying and collecting a tax upon incomes, be and the same are hereby repealed."⁸ The

¹ Laws of Georgia, 1863-4. Regular session, No. 75, sec. 3.

² Note by compiler at close of the act of December, 1863.

³ Laws of Georgia, 1864, act 10, sec. 1.

⁴ Laws of Georgia, 1865, act 54, sec. 1.

⁵ Laws of Georgia, 1865, act 54, sec. 2.

⁶ Laws of Georgia, 1865, act 54, sec. 1.

⁷ Laws of Georgia, 1865, act 54, secs. 3, 4, 5.

⁸ Laws of Georgia, 1865-6, No. 272, sec. 6.

same act continued to levy license taxes and corporation taxes, which were now made to reach a number of the sources formerly reached by the income tax.

The tax appears to have given better satisfaction in Georgia than in any other state. As a source of revenue it was most successful; in 1863, the year the tax was introduced, for instance, incomes were assessed to the amount of \$15,737,479 and the tax yielded \$683,235.¹ This, together with the fact that no question under the law was ever carried into the courts, points to the conclusion that the object for which it was levied appealed to the loyalty of the citizens and led to the unprecedented success of the law.

Florida's experience was both limited in scope and short in duration. By an act of 1845 a tax of twenty cents was levied upon each \$100 of income received by lawyers, doctors,² public weighers of cotton and other produce, public inspectors, and pilots.³ In 1850, as a result of the comptroller's recommendation to extend the tax on incomes and on business,⁴ a tax of two per cent was levied upon the commissions of commission merchants and factors.⁵ In 1855, however, all these laws were repealed,⁶ and no further attempt has been made by Florida to levy an income tax, although she has of late reached trades, like so many of the Southern states, by a general license tax.

West Virginia, when organized into a separate state, made the Virginia code of 1860 the basis of legislation; but it was not until February of 1863 that the legisla-

¹ Avery, *History of Georgia*, p. 267.

² *Laws of Florida*, 1845, chap. 10, sec. 7.

³ *Laws of Florida*, 1845, chap. 28, sec. 9.

⁴ Comptroller's report, November 1, 1850.

⁵ *Laws of Florida*, 1850, chap. 357.

⁶ *Laws of Florida*, 1855, chap. 715, sec. 4.

ture of West Virginia enacted Virginia's law¹ providing for the taxation of incomes. A tax of five per cent was levied upon the annual interest or profits derived from bonds of any corporation, state, or country and on dividends annually declared by any saving institution or insurance company. The annual income received by persons from any office or employment (except ministers of the gospel) was taxed three-fourths of one per cent if it was between \$250 and \$500, one per cent if between \$500 and \$1000, and one and one-half per cent if over \$1000.² Physicians, surgeons, dentists, and commission merchants were made subject to a license tax and an income tax of three-fourths of one per cent on the amount in excess of \$400; the proprietors of houses of "public entertainment" to a license tax and twelve per cent upon their annual income in excess of \$200; keepers of private boarding houses to a license tax and eight per cent on their income in excess of \$100; cook shops and eating houses to a license tax and twelve per cent on their annual income in excess of \$100.³ In December of the same year, however, those engaged in business subject to the combined license and income tax were made exempt from the income tax.⁴ This act of 1863 has been the only attempt made to tax incomes; the general act passed in December of 1863 made no provision for their taxation and later laws make no reference to the tax. It soon fell into disuse, and by 1875 the present method of taxation based on value had been fully introduced.

Kentucky attempted to provide for an income tax in her constitution of 1849, but failed. In 1867 the asses-

¹ Laws of Virginia, 1859-60, chap. 3.

² Laws of West Virginia, 1862-63, chap. 64, sec. 8.

³ Laws of West Virginia, 1862-3, chap. 64, secs. 10, 11, 12.

⁴ Laws of West Virginia, 1863, chap. 123, sec. 18.

sors were directed to require each taxpayer to state on oath the amount of income received from United States bonds and to levy thereon a tax of five per cent.¹ In 1872 this law was declared unconstitutional.² In 1868 the tax amounted to \$118,526.80;³ in 1869 to \$122,935;⁴ in 1870 to \$78,299;⁵ in 1871 to \$72,216.⁶

Tennessee, although making constitutional provision for an income tax, has never levied a general tax. Since 1883 the law has imposed a tax upon all income derived from United States bonds and from all other bonds and stocks not subject to an ad valorem tax.⁷ This is the only attempt that has been made to tax incomes. Mr. Theodore King, the Comptroller of the Treasury, states that this tax has been a failure; while attempts have been made to levy it, no incomes thus far have been reported. However, as early as 1856 the annual income was employed in estimating the value of a large number of industries.⁸

¹ Laws of Kentucky, 1867, vol. 1, chap. 1832.

² 9 Bush, 46.

³ Auditor's report for 1868, p. 121.

⁴ Auditor's report for 1869, p. 135.

⁵ Auditor's report for 1870, p. 125.

⁶ Auditor's report for 1871, p. 121.

⁷ Laws of Tennessee, 1883, chap. 105, sec. 7.

⁸ Laws of Tennessee, 1855-6, chap. 74, sec. 1.

CHAPTER IX

THE INCOME TAX IN THE WESTERN STATES

Only three states west of the Mississippi river have made any use of the income tax. With the exception of California, which has made constitutional provision for an income tax, the other states have never even recognized it. The three states that have levied the tax, Missouri, Louisiana, and Texas, were all under southern influences.

Missouri, at the outbreak of the war, being in need of revenue, like many of the southern states tried the taxation of incomes, especially such as were derived from profits and salaries. The tax was first levied in 1861. It provided for a tax of thirty-two cents on each \$100 of income "derived from public stocks, bank stocks, stocks of chartered companies; or from other property, real or personal, not taxed in the state." The salaries in excess of \$800 annually received by any individual from the United States, the state, or from any county or city in the state, or from any corporation was made subject to a like tax.¹ In 1864 the rate was lowered to one-fifth of one per cent and the exemption to \$200.²

In 1865, as a consequence of the governor's recommendation, the tax upon incomes, salaries, and professions³ underwent a number of changes. It was required that for the year 1865 a tax of three per cent should be assessed on the salaries of office-holders who were exempt from military duty in consequence of such office and a tax of two per cent on the salaries and in-

¹ Laws of 1860-61, Regular session, p. 62.

² Laws of 1863-4, p. 66.

³ Governor's message, December 26, 1864, p. 14.

come of all other persons, including military officers, whatever the source of such incomes. In all cases an exemption of \$600 was allowed. The revenue derived was to be paid into the Union Military Fund. In the assessment of salaries not fixed by law and of other general incomes the tax was to be based upon the amount received during the year next preceding the time of assessment. The individual was required to return the amount of his income under oath, and if he refused to do so or swore falsely the assessor was to assess against him an income as nearly double as he could determine by the best means at his disposal.¹ An unsuccessful attempt was made soon after to prove the tax unconstitutional.² However, the attempt to tax incomes in Missouri appears to have soon closed, for the revised statutes of 1866 fail to mention such a tax, and never since has the state levied it. Like Georgia, Missouri employed the income tax simply as a war measure.

Louisiana, although one of the first states in the Union to make constitutional provision for an income tax, was one of the last to levy one. An income tax was provided for constitutionally in 1845, but such a tax was not levied until 1865. The tax law of that year provided for a rate of one-fourth of one per cent on the amount of income in excess of \$2000 annually received by all persons pursuing any trade, profession, or occupation.³ Much trouble having arisen over the collection of the tax, in 1866 the auditor of public accounts was authorized to employ two persons to make under oath complete quarterly assessments of all persons pursuing any trade, profession, or occupation in the city of New

¹ Laws of 1865, p. 112.

² 43 Missouri 479.

³ Laws of 1864, act 55, sec. 3.

Orleans, the chief source of the revenue, and to file the statement in the auditor's office. Any person subject to the tax who failed or refused to make a report of his income or to pay the tax was liable to a penalty of twenty per cent of the amount of tax due.¹ The law did not undergo further change until 1878, when it was provided that the tax should be thirteen mills upon "the excess of all annuities, salaries and incomes over \$1000 derived from any source, except from property taxed."² In 1882 the rate was lowered to six mills on the dollar.³ The law has undergone no material change since, still requiring each individual to return for taxation the value of his annuities, salary, or income at the time he returns his other property.⁴

The tax has never received general support. Three different attempts have been made to prove it unconstitutional,⁵ but in each case the court has upheld the tax. Although the greatest indifference prevails with respect to the law, attempts to repeal it have been unsuccessful. The tax is insignificant as a source of revenue. In 1868, for instance, the tax yielded \$2476 out of a state tax of \$508,378;⁶ in 1880, \$24,723 out of a state tax of \$694,940;⁷ and in 1899, only \$104 out of a state tax of over \$2,000,000.⁸ The tax was never levied very generally in the state. In 1868 but eleven counties out of the twenty-seven in the state taxed incomes; in 1880,

¹ Laws of 1866, act 25.

² Laws of 1878, act 8, sec. 1, p. 229.

³ Laws of 1882, act 96, pp. 119, 124.

⁴ Laws of 1898, act 170, sec. 17, p. 335.

⁵ 26 Louisiana 151; 30 Louisiana 910; 34 Louisiana 851.

⁶ Auditor's report for 1868.

⁷ Auditor's report for 1880.

⁸ Auditor's report for 1899.

forty-one out of sixty-four; and in 1899 only two out of fifty-nine.

Since 1861 Louisiana has also levied an extensive graduated license tax based upon income which has played a more important part in the revenue system of the state than has the income tax proper.

Texas began her use of the income tax during the Civil War, as a result of her need of revenue. It was first levied in the spring of 1863 "on each and every person having a fixed annual salary," the rate being "twenty-five cents on each \$100 of such salary over and above \$500."¹ It was expressly provided that this should apply to public officers as well as to persons engaged by private contract. In December of the same year an act was passed which reached profits by providing for a tax upon the amount of sales in every mercantile business except the liquor business.² The following year this law was reenacted and the rate increased.³

During this time, it should be said, the combined license and income tax was extensively employed. Persons keeping billiard tables or nine or ten pin alleys, persons doing a storage or warehouse business, owners of ferries or toll bridges, pawnbrokers, negro traders, dentists, and lawyers were required to pay, besides a license tax, a tax of two per cent upon their yearly income.⁴ And a similar tax of one per cent was placed, in addition to a license, upon the income of keepers of hotels, restaurants, eating houses, and livery stables, and upon that of butchers, doctors, railroad presidents, directors, conductors, engineers, secretaries, and clerks.⁵ Per-

¹ Laws of 1863, chap. 33, sec. 3.

² Laws of 1863, chap. 60, sec. 4.

³ Laws of 1864, chap. 11, sec. 7.

⁴ Laws of 1864, chap. 11, sec. 9.

⁵ Laws of 1864, chap. 11, sec. 10.

sons liable to the tax were required, under penalty, to report the amount of their income to the local assessor quarterly.

In 1866 the governor in his annual message declared that the tax upon professions yielded but a very small sum and operated oppressively and unequally on many who were not able to bear it, and recommended its repeal and the substitution of a moderate graduated tax upon all incomes above a certain amount.¹ Acting upon this suggestion, the legislature shortly after enacted a law levying a general income tax. It provided that "there shall be levied and collected from every person, firm, corporation or association doing business within the state, at any time during the year 1866 and in every year thereafter, an annual income tax as follows: on the first \$1000 of net or taxable income, a tax of one per cent; on the second \$1000, a tax of one and one-half per cent; on the third, fourth and fifth \$1000, a tax of two per cent; and on all taxable incomes above \$5000, a tax of three per cent." A tax was levied also upon salaries by another article requiring that all salaried persons serving in any capacity, except in the army or navy of the United States, should be subject to a tax of one-half of one per cent on all sums received over \$600.²

In determining the net income subject to taxation, each individual engaged in manufacturing or mercantile business was allowed to deduct from his gross income the rent of the store, shop, manufactory, and the like, insurance on the same, all freight and express charges, wages of employees, and "other expenses." Farmers were allowed to deduct from the rent of land only the average annual outlay for the repair of fences and from

¹ Governor's message of August 16, 1866.

² Laws of 1866, chap. 93, p. 91.

the rent of buildings all insurance paid by the owner and actual repairs not to exceed ten per cent of the value of the buildings. From the gross receipts received from farming operations, embracing the value of all live stock and of all agricultural products sold, deductions were allowed for the amount paid for hire, for repairs on the farm or plantation not to exceed the annual average or ordinary repairs, for live stock (if bought) which was sold during the year, and for insurance and interest on any incumbrances upon the farm or plantation. In the case of profits derived from the sale of real estate, if purchased within the year, a deduction was allowed equal to the losses sustained in the sale of real estate also purchased during the year. From interest derived from bonds, notes, mortgages, or securities of any kind, the interest paid or falling due during the year was to be deducted. In addition to the above special exemptions a number of general exemptions were allowed, such as all taxes paid within the year and \$600 when the income was returned by the head of a family. In the latter instance, however, it was expressly required that the income of minors should be compounded with those of parents or guardians and only one deduction made.¹ The amount of income together with the exemption was to be made under oath. Despite these elaborate provisions, however, by 1870² interest from bonds was the only form of income subject to taxation, and by 1871 most of the objects were reached either by a license tax or by a tax on values.

No further attempt was made to tax incomes until 1899, when a bill was introduced into the lower house

¹ Laws of 1866, chap. 133, secs. 7, 8, p. 140 *et seq.*

² Laws of 1870, chap. 84, sec. 32.

of the legislature providing for a tax of one per cent on all personal incomes in excess of \$2000. After much opposition it passed the house,¹ but was killed in committee in the senate.² The committee gave as the reason for their action that the proposed law covered matters that properly came within the jurisdiction of the contemplated tax commission. If the tax commission ever considered the advisability of such a levy they must have disapproved it, for no reference whatever was made to it in their report.

The north central states call for no extended discussion. Although these states have been settled to a very large extent by people from Massachusetts and other eastern states where the income tax has been in use and although their legislation has been copied from that of the eastern states, yet strangely none of them have incorporated the income tax.

Michigan is the only one of the group that has shown the least tendency even to recognize the tax. From 1838 until about the middle of the nineteenth century that state included in its definition of personal estates for taxation "income from annuities unless the capital from such annuity was taxed within the state."³ Again, in 1899, through the influence of Governor Pingree, a bill was introduced providing for the taxation of incomes in excess of \$1000, but it failed to pass.

¹ House journal, 1899, pp. 136, 358, 351, 699, 1377.

² Senate journal, 1899, p. 1037.

³ Revised statutes of 1838, title V, chap. I, sec. 3.

CHAPTER X

THE INCOME TAX AND THE STATE CONSTITUTIONS

Since the Declaration of Independence the states have adopted about one hundred constitutions. Thirteen of these have made provision for the taxation of incomes. Eight states have adopted constitutions making express provision for levying such a tax ; all, with the exception of California, were Southern states, and the constitutions were adopted after 1844.

The sentiment in favor of the taxation of incomes which became so prevalent shortly before the middle of the nineteenth century first crystalized into a constitutional provision in the state of Texas in the year 1845, Louisiana following with a like provision a few months later. As Texas, when she entered the Union, was greatly involved financially on account of her war with Mexico and much in need of revenues,¹ the new constitution which was then adopted gave the legislature power to impose an income tax on all persons pursuing any occupation, trade, or profession, provided the term "occupation" should not be construed to apply to agricultural or mechanical pursuits.² The new constitution adopted in 1869 retained this provision,³ but the present constitution, adopted in 1876, somewhat modified the clause. The legislature is now empowered to tax "the income of both natural persons and corporations other than municipal," but is still required to exempt persons engaged in mechanical or agricultural pursuits from the payment of any occupation tax.⁴ To the present time

¹ William Gouge, *Fiscal history of Texas*, 1834-1852, pp. 145-147.

² Constitution of 1845, article VII, sec. 27.

³ Constitution of 1869, article XII, sec. 19.

⁴ Constitution of 1876, article VIII, sec. 1.

only a limited use has been made of the right; and although some are at present demanding an income tax, it is improbable that such a tax will be levied in the near future.

Louisiana quickly followed the example of Texas. In the constitutional convention of 1845 a provision was adopted¹ by a vote of 40 to 23 empowering the legislature to levy an income tax and to tax all persons pursuing any occupation, trade, or profession, without exception.² In 1852 a new constitution was adopted and the provision allowing the taxation of incomes was re-enacted.³ The constitution adopted in 1864 incorporated the same provision, but added that "all tax on income shall be pro rata on the amount of income or business done."⁴ When the state was readmitted into the Union in 1868 these clauses of the constitution of 1864 were retained without modification.⁵ Since 1868 two constitutions have been adopted by the state of Louisiana, one in 1879 and the other in 1898; but neither of these has recognized the taxation of incomes independent of other sources. The tendency in these constitutions has been to provide for an extension of the license system as a substitute for the income tax.

Virginia, six years after Texas and Louisiana took the initiative, adopted a constitution in which the general assembly was given the right to "levy a tax on incomes, salaries and licenses," provided that no tax should be levied on property from which any income so

¹ See Proceedings and debates of constitutional convention of 1845, pp. 882, 892, 897.

² Constitution of 1845, title VI, article 127.

³ Constitution of 1852, title VI, article 123.

⁴ Constitution of 1864, title VII, sec. 124.

⁵ Constitution of 1868, title VI, article 118.

taxed was derived.¹ This constitution of 1851 remained in operation until 1870, when the state was readmitted into the Union and a new constitution adopted. This constitution empowered the general assembly to tax incomes in excess of \$600 per annum, and also provided that the capital invested in all business operations the income from which was taxed should be taxed as was other property.² The constitution of 1870 is still in operation, and under its provisions Virginia has been one of the most active states in the taxation of income.

No other state recognized the taxation of incomes in its constitution until North Carolina, upon her readmission into the Union in 1868, gave to the general assembly the power to tax trades, professions, franchises, and incomes, provided that no income should be taxed when the property from which the income was derived was taxed.³ This constitution remains in force at the present time. As we have seen, the state has made considerable use of this privilege, but with questionable results.

Tennessee, when readmitted into the Union in 1870, granted to the legislature power to levy a tax upon income derived from stocks and bonds that were not taxed *ad valorem*.⁴ This constitution remains in force at the present time, but the use made of the privilege granted has been of little importance.

California was the next state to recognize constitutionally the income tax. This state, in her second constitution, adopted in 1879, declared that income taxes might be assessed to and collected from persons, corporations, joint stock associations, or companies resident or doing business in the state in such manner as should

¹ Constitution of 1851, article IV, sec. 25.

² Constitution of 1870, article X, sec. 4.

³ Constitution of 1868, article V, sec. 3.

⁴ Constitution of 1870, article II, sec. 28.

be prescribed by law.¹ The constitution is still in operation ; but, so far as the right to tax the income of individuals is concerned, no advantage has been taken of the section.

The income tax was not again recognized constitutionally until Kentucky in 1891 adopted her present constitution containing the negative provision that nothing in the constitution shall be construed to prevent the general assembly from providing for taxation based on incomes, licenses, or franchises.² The state has made practically no use of the provision in so far as it relates to the taxation of income received by individuals.

South Carolina was the last state to make constitutional provision for the tax. Although an income tax had been previously levied by the state, it was not constitutionally recognized until the constitution of 1895 provided that as an adjunct to the property tax the general assembly might provide for "a graduated tax on incomes and for a graduated license on occupations and business."³ It is under this provision that the state is making the present interesting attempt to tax incomes.

A general survey of the constitutional enactments making possible the levy of an income tax reveals two distinct periods. One began about the middle of the nineteenth century and continued until about 1870. This was followed by a lull in the movement until very recent years, when the spirit has revived. What will be the result of this present movement it is difficult to say ; thus far the disposition has been to follow old lines that already have been tried and found wanting.

¹ Constitution of 1879, article 13, sec. 11.

² Constitution of 1891, sec. 174.

³ Constitution of 1895, article X, sec. 1.

CHAPTER XI

CONCLUSION

We shall now give a brief *résumé* before presenting our conclusion. We cannot charge the commonwealths with slighting the income tax. Of the forty-five states, sixteen have made legislative provision for it, either in a general or special form, of about one hundred constitutions passed by the states, thirteen, representing eight states, have made special provision for its use; and of some forty state tax commissions, which have been appointed by the different states, seven have treated it in their reports.

The use of the income tax proper began about 1840 and has continued to the present time. Its history has been marked by three periods of special activity: one from about 1840 to 1850, during which decade six states introduced the tax; another from 1860 to 1870, during which decade seven introduced it; and a third from about 1895 to the present, which has been marked by a revival of the movement. Of the sixteen states that have employed it, six are still using it—Massachusetts, Virginia, North Carolina, South Carolina, Louisiana, and Tennessee.

Massachusetts has had the longest experience with the tax, extending from 1643 to the present time. South Carolina's experience began in 1701 and, with the exception of about thirty years, has extended to the present. Pennsylvania levied the tax from 1841 to 1871; Maryland, from 1842 to 1850; Virginia, from 1843 to the present; Alabama, from 1843 to about 1886; Florida, from 1845 to 1855; North Carolina, from 1849 to the present time. With but one exception the states

introducing the tax between 1860 and 1870 employed it for only very short periods. Missouri employed the tax from 1861 to 1866; Texas, from 1863 to 1868; Georgia, from 1863 to 1866; West Virginia during 1863; Louisiana, the one exception, from 1865 to the present time; Kentucky, from 1867 to 1872; Delaware, from 1869 to 1872. Tennessee tried the tax in 1883, but then, like Kentucky, only to a very limited extent.

Two causes have led to the introduction of the income tax; the demand for greater justice in the distribution of the burdens of taxation, and the need of increased revenue. A third cause, a desire to regulate the business from which the income is derived, has operated in a few instances. The need of revenue was the dominant force leading to the introduction of the tax in the period between 1840 and 1850, and also in that between 1860 and 1870. In the first period this need was due to the enormous state debts resulting from extensive internal improvements; in the second period, to the heavy expenses incurred by the Civil War. It must be recognized, however, that the democratic influences which were felt in almost every department of political life about 1840 had not a little influence on the movement during the earlier period. During the present period the demand for justice appears to be the dominant force, although in South Carolina, as we have seen, the financial need is having weight.

The states employing the tax have spared neither time nor ingenuity in attempting so to frame the laws as to make the tax effective. Every possible method has been tried. The tax has been levied as a general income tax upon all forms of income and as a special income tax upon one or more forms of income; without regard to the source of the income and modified accord-

ing to the source ; as an apportioned tax, and as a percentage tax. The rate has been made proportional, progressive, and partly proportional and partly progressive. The exemption has been a fixed sum applied to all income and a sum varying with the form of income and with particular classes of individuals. The administration of the law has been under the direct supervision of the central government, and it has been left to the option of the local units. The tax has been employed strictly as a war measure, as a peace measure, and as both.

Of all the states using the tax, six have levied it as a general income tax, affecting all forms of income — rent, interest, wages, and profits. These states are Massachusetts, South Carolina, Virginia, Alabama, North Carolina, and Texas. The scope of the tax in Massachusetts, however, has varied with the different local interpretations placed upon the law.¹ The remaining ten states have each taxed some one or more of the four forms of income. All of them except Georgia, Tennessee, and Kentucky have taxed incomes from personal services, salaries being especially mentioned ; seven of them, all except Florida, Tennessee, and Kentucky, have taxed profits. Five, Delaware, West Virginia, Kentucky, Tennessee, and Missouri, have taxed interest. The rate of the tax has usually been proportional, although six of the states have made use of the progressive rate.

An exemption has been very generally allowed, varying both in the different states and at different times in the same state. When a fixed sum has been allowed, it has been usually from \$300 to \$2500, \$500 and \$1000 being the most common amounts. The exemption at present allowed in South Carolina is \$2500. Many of

¹ See *supra*, pp. 27-29.

the states have provided for special exemptions, such as the expenses of the business from which the income is derived and the incomes of particular classes of individuals, such as ministers of the gospel, state judges, and certain classes of laborers.

The administration of the tax has been much the same in all the states. It has been assessed, as a rule, by the local assessors and collected by the local tax collectors. The laws have required that the tax should be levied by self-assessment, almost invariably under severe penalties for failure to comply.

The revenue derived from the income tax has been insignificantly small. For instance, Alabama in 1882, during the period of her most successful experience, received an income tax of only \$22,116 out of a state tax of over \$600,000. In 1899 North Carolina's income tax amounted to only \$4399 out of a total tax of \$723,307. Virginia in 1899 received only \$54,565 from this source, while her state tax amounted to \$2,132,368. South Carolina in 1898, while levying a state tax of about \$1,000,000, received only \$5190 from her tax upon incomes.

The attitude of the state courts toward the income tax has been one of sympathy. In the few cases upon the subject brought before them they have upheld the tax. Had all forces been as active in support of the system as the state courts, the tax would undoubtedly have been a success.

Of the thirteen state constitutions providing for the taxation of incomes, Texas has adopted three; one in 1845, a second in 1869, and a third, still in force, in 1876. Louisiana has also adopted three constitutions making special provision for the tax; one in 1845,

another in 1852, and a third in 1868. The constitutions of 1879 and of 1898 failed to make such a provision. Virginia has provided for the tax since 1851, the constitution of that year and also that of 1870, still in force, expressly allowing the tax. The next state to provide for the tax in her constitution was North Carolina in 1868. Tennessee, in her constitution of 1870, still in force, incorporated a similar provision. California did likewise in her constitution of 1879, now in operation. Kentucky followed in 1891, and South Carolina, the last of the states to make such provision, in 1895.

Of these thirteen constitutions, seven placed no limitations whatever upon the taxation of incomes—the three constitutions of Texas, the Louisiana constitutions of 1845 and of 1852, the California constitution of 1879, and the Kentucky constitution of 1891. The constitution of Virginia adopted in 1851 provided that in no case should property be taxed when a tax was levied upon the income from it. The constitution of 1870 went to the opposite extreme; although limiting the income tax to the amount in excess of \$600, it expressly required the taxation of the capital invested in the business yielding the income. The Louisiana constitution of 1868, in operation until 1879, required the tax to be levied “pro rata on the amount of income or business done;” the North Carolina constitution of 1868 prohibited the taxation of income from property otherwise taxed; and the Tennessee constitution of 1870 confined it to the taxation of income from stocks and bonds not taxed *ad valorem*. The present constitution of South Carolina, adopted in 1895, provides that the tax must be graduated.

The states have appointed in all some forty tax commissions, which have given the various tax systems the most careful study,¹ sparing neither time nor pains in their attempt to obtain the most satisfactory system. Eight commissions have treated the income tax in their reports; but only two, the Massachusetts commissions of 1875 and of 1893, have recommended its employment. The principal reason given in each case was that without such a tax some justly subject to taxation would escape. Each report encountered serious opposition; in the commission of 1893 it took the form of a minority report. The chief reasons given by the opposition for their position were that an income tax results in double taxation and that it is impossible justly to administer it. Three minority reports, however, have favored the tax, one by Professor R. T. Ely, a member of the Maryland tax commission of 1886; another by Mr. Wright, a member of the Pennsylvania commission of 1889; and a third by Mr. McNeill, a member of the Massachusetts commission of 1897. The reasons advanced are largely theoretical.

On the other hand, besides the minority report of the Massachusetts commission of 1893, three commissions have expressed their disapproval of the tax; the Maine commission of 1890, the New York commission of 1892, and the Massachusetts commission of 1897. The reason given by the Maine and Massachusetts commissions was that the tax is incapable of practical application; that given by the New York commission was that it is inquisitorial and against the republican spirit. The Texas commission of 1899, to whom the subject of the income tax was referred by the legislature, failed to treat it in

¹ State tax commissions in the United States, by J. W. Chapman, Jr., in *Johns Hopkins University Studies*, vol. 15, 1897, pp. 461-566.

their report, probably because it met their disapproval. It is significant that the commissions of Massachusetts, where the tax has been longest tried, have finally recommended its repeal.

The experience of the states with the income tax warrants the conclusion that the tax, as employed by them, has been unquestionably a failure. It has satisfied neither the demands for justice nor the need of revenue. The question arises: Is this failure due to qualities inherent in the nature of the tax, or is it the result of conditions which may be removed? One of the fundamental principles of taxation is that the subjects of a state ought to contribute to the support of the government in proportion to their respective abilities, and it is generally agreed that these abilities are best measured by income.¹ Therefore, theoretically at least, an income tax is unquestionably the fairest system yet proposed. Throughout the history of the tax in the several states the opposition has never seriously attacked it from a theoretical standpoint.

If the failure is to be attributed to the application of the principle, either the laws have failed to embody this principle properly, or the administration has been ineffective. While much of the legislation in the states relative to the income tax has been very unsatisfactory, often not appealing to the taxpayers' sense of justice and furnishing excuses for the concealment of property, nevertheless laws have been passed repeatedly which, if

¹ Some maintain that other facts than the income should be considered in estimating one's taxpaying ability; for instance, the source of the income as well as the amount, and also the individual's ability to spend wisely. However, we are ordinarily concerned less with the question, Is the income tax an ideal tax, a perfect tax? than with the question, Is it better than the existing system; if introduced, would it be an improvement upon the existing system?

properly administered, would have distributed the burdens with unusual justice. But these laws have failed quite as completely as those with provisions less satisfactory. The failure of the tax, therefore, can not have been due to the ill success of the laws in embodying the principle.

A careful study of the history of the tax leads one to the conclusion that the failure has been due to the administration of the laws. This conclusion is borne out by both the admissions of the advocates and the assertions of the opponents of the tax, and is corroborated by the reports of tax commissions. The causes operating to produce this failure in administration appear to have been four: the laws themselves have been defective in the provisions for their own administration; the officials have been lax in the enforcement of the laws; the taxpayers have been persistent in evading them; and the nature of some incomes has made them especially difficult to reach. The income tax laws thus far, failing to recognize the weakness of the average taxpayer, have allowed him to return his own income. Some argue that to employ any other method would be undemocratic and that public sentiment would never submit to it. However, although the public has always opposed any inquisitorial system, the opposition has been often due rather to the fear that it may attain the end sought than that it is counter to the spirit of democracy. Often the taxpayer has something he wishes to conceal and calls on the "spirit of democracy" to help him out. We have yet to learn of a plausible argument in support of the assertion that the income tax is more inquisitorial than other forms of direct taxation.¹ The income tax has

¹ On this and similar objections see Professor Ely's supplementary report to the Maryland tax commission of 1886, p. 175.

succeeded in nations quite as democratic as the United States. Other methods than self-assessment have been employed successfully, both by foreign nations and to a limited extent by some of our own states. The use of the method of self-assessment has been due, not to public demands, but largely to the indifference of legislators. However, it is not to be condemned except that it furnishes the means by which the taxpayer, if he wishes to do so, may escape the tax.

The laxness of the officials in the enforcement of the laws doubtless also has had much to do with the failure of the income tax. Although the laws have usually required the assessors to demand from each taxpayer a full statement of his income and to enforce their demand by a severe penalty, they have not only failed to do this, but in listing the individual's property have also entirely neglected his income or assessed it so low as to make the tax derived therefrom unimportant. Before we can hope for a successful taxation of incomes, officials must be faithful in the performance of their duty.

The taxpayer also has contributed much to the failure of the income tax. Not only has he taken advantage of every opportunity to escape it, but he has also exercised his ingenuity to contrive means of evading it. The taxpayer with an elastic conscience and a good opportunity has usually succeeded in escaping the tax upon such property as could be concealed.

The nature of income is such as to make concealment comparatively easy. Much income is received in such form as to make it quite impossible for any one except the recipient to know its amount, or at least to make more than a mere estimate, and even the recipient, in many instances would find it quite impossible to be accurate.

Some of these evils undoubtedly could be corrected. Another method of assessment could be employed; the officials could be compelled to perform their duty; many of the difficulties met with in the determination of income could be removed; even the conscience of the taxpayer could be improved: but so long as the four remain as they are, it is useless to hope for a successful income tax. Indeed, so long as we permit taxpayers possessing dormant consciences to employ the method of self-assessment, failure is almost certain. We must abandon the one or develop the other. Some believe that a heavy fine, rigidly enforced, for failure to return income would make the tax effective; but while this would doubtless result in great improvement, it would not insure success.

Not a little in the way of changing the attitude of the taxpayer towards the income tax may be done by a more careful framing of the laws, so that they will better appeal to his sense of justice. Even more may be done by judicious state expenditures, demonstrating that the payment of taxes is not a waste of money. If this almost universal tendency to escape taxation when possible could be eradicated, the difficulties of enforcing an income tax would disappear. But as this tendency is too deep-seated to make its removal possible, we must turn to a consideration of the other alternative, a change in the mode of assessment.

The English income tax has been satisfactory only where assessment at the source has been employed; where it has been necessary to rely on self-assessment, as it has been in one or two classes, the tax has been a failure. The state of Pennsylvania also has employed the method of assessing income at its source with marked

success. Of it one writer says,¹ "It is the fairest and most economical means of raising value which the state possesses. In 1886 it contributed fifty-three and three-tenths per cent of the total revenue from all sources. By reason of it, it became possible in 1867 to release real estate from taxation for state purposes."

The extent to which this method of assessment could be applied to general incomes in this country is uncertain. The Massachusetts tax commission of 1897 considered it practically impossible. With our present industrial organization, much income is derived from sources not accessible and consequently determinable only by the method of self-assessment. Indeed, it would often be very difficult for the taxpayer himself to determine the exact amount of his income; especially is this true of the agricultural classes and, indeed, of a large portion of the business and professional classes. In England industry is carried on in such a way that three-fourths of the income can be taxed with no question or demand of the individual taxpayer; this would be impossible in our states. While the method of assessment at the source can be applied to a few forms of income, and in so far as it is possible to do so the income tax would be successful, still we must also say that with our present system of industry the method could not be applied by our states to a large part of the income received and that therefore a general state income tax must be a failure.

As the result of our study we conclude that the state income tax has been a failure, due to the failure of administration, which, in turn, may be attributed to four causes—the method of self-assessment, the indif-

¹ T. K. Worthington, *Historical sketch of the finances of Pennsylvania*, p. 91.

ference of state officials, the persistent effort of the taxpayers to evade the tax, and the nature of the income. The tax can not be successful so long as taxpayers desirous of evading taxation are given the right of self-assessment. Since all attempts to change the method of self-assessment have failed and the nature of industry in the states is at present such as to make impossible the assessment of a general income tax at the source, we are forced to the conclusion that, even though no constitutional questions should arise, failure will continue to accompany the tax until our industrial system takes on such form as to make possible the use of some method other than self-assessment.

APPENDIXES

APPENDIX A

The following table, compiled from the report of the Massachusetts tax commission of 1897, pages 262-3, gives the incomes and personal estates as assessed in the several counties of Massachusetts in 1895 :

COUNTY.	Tangible Per- sonal Estate.	Intangible Personal Estate.	Income.	Total Personal Estate.
Barnstable-----	\$1,919,800	\$6,622,153	\$10,000	\$8,541,953
Berkshire-----	4,000,533	2,730,895	30,408	6,731,428
Bristol-----	3,127,788	3,156,875	6,100	6,284,663
Dukes-----	309,590	92,883	-----	402,473
Essex-----	6,840,624	11,814,269	56,300	18,654,893
Franklin-----	3,171,445	858,661	50,035	4,030,106
Hampden-----	4,018,665	791,213	17,100	4,809,878
Hampshire-----	2,866,217	1,197,058	57,400	4,063,275
Middlesex-----	9,419,976	11,501,718	791,555	20,921,694
Nantucket-----	215,792	709,809	-----	925,601
Norfolk-----	7,135,782	33,462,175	301,382	40,597,957
Plymouth-----	4,914,330	3,878,492	88,125	8,792,822
Suffolk-----	211,080	149,270	13,000	360,350
Worcester-----	15,856,640	6,826,970	108,300	22,683,610
Total-----	\$64,008,262	\$83,792,441	\$1,529,705	\$147,800,703

APPENDIX A (CONTINUED)

The following table, compiled from the report of the Massachusetts tax commission of 1897, pages 268-9, gives the value of incomes and the total value of personal property in the several cities of Massachusetts as assessed in 1896 :

CITY.	Income.	Total Personal Property.
Beverly -----	\$10,000	\$3,092,300
Boston ----- ¹	----- ¹	198,507,500
Brockton -----	115,700	2,909,745
Cambridge -----	-----	15,312,600
Chelsea -----	-----	2,280,900
Chicopee -----	40,600	2,385,030
Everitt -----	-----	683,450
Fall River -----	368,950	26,329,750
Fitchburg -----	163,416	4,145,594
Gloucester -----	-----	2,752,840
Haverhill -----	28,469	3,816,355
Holyoke -----	300,180	7,116,160
Lawrence -----	-----	7,627,025
Lowell -----	82,425	14,374,555
Lynn ----- ¹	----- ¹	9,035,007
Malden -----	453,500	2,449,400
Marlborough -----	-----	1,011,750
Medford -----	827,650	2,315,450
New Bedford -----	127,050	19,685,180
New Berryport -----	3,000	2,212,700
Newton -----	39,000	10,634,300
North Adams -----	14,000	1,458,930
North Hampton -----	-----	2,015,520
Pittsfield -----	55,450	2,630,420
Quincy -----	300,000	2,385,700
Salem -----	62,900	8,885,100
Summerville ----- ¹	----- ¹	3,741,000
Springfield -----	755,350	11,734,460
Taunton -----	83,300	4,163,980
Waltham -----	15,000	4,428,600
Woburn -----	33,000	1,313,667
Worcester -----	-----	15,697,250
Totals -----	\$3,880,220	\$397,032,218

¹ No report.

APPENDIX B

The following table, compiled from the auditors' reports for the respective years, shows the amount of the tax upon incomes in Virginia compared with the total tax upon real estate, personal property, and polls, and also the number of counties returning the income tax compared with the total number of counties in the state :

YEAR.	Income Tax.	Tax from Real Estate, Per. Prop. and Polls.	Counties Returning Income Tax.	Counties in the State.
1845 -----	\$16,617 32	\$438,153 38	124	131
1853 -----	36,303 91	1,059,016 77	140	145
1858 -----	99,480 77	2,583,982 50	147	152
1863 -----	178,944 92	7,205,077 38	68	79
1869 -----	60,079 22	1,731,654 24	102	109
1874 -----	37,695 64	2,459,854 61	79	94
1879 -----	29,431 50	1,106,534 72	69	96
1887 -----	38,950 84	1,721,222 62	67	100
1888 -----	38,144 80	1,741,757 79	71	100
1889 -----	45,906 69	177,914 36	74	100
1890 -----	51,246 69	1,828,035 12	73	100
1891 -----	62,206 70	1,959,751 73	72	100
1892 -----	54,154 44	1,987,278 68	71	100
1893 -----	51,700 12	1,996,545 02	72	100
1894 -----	40,943 41	1,979,823 09	64	100
1895 -----	43,026 26	1,983,042 30	67	100
1896 -----	42,377 81	2,000,249 66	72	100
1897 -----	37,502 27	2,044,110 71	68	100
1898 -----	43,204 72	2,048,468 55	73	100
1899 -----	54,148 38	2,080,967 21	77	100
1900 -----	54,564 93	2,132,367 77	73	100

APPENDIX C

The following table, compiled from the auditors' reports for the respective years, shows the amount of the tax upon incomes in North Carolina compared with the total state tax, and also the number of counties returning the income tax compared with the total number of counties in the state :

YEAR.	Income Tax.	Total State Tax.	Counties Returning Income Tax.	Counties in the State.
1849 -----	\$28,277 19	\$141,609 01	75	79
1850 -----	28,802 00	151,713 12	75	80
1867 -----	3,838 97	226,765 00	58	70
1877 -----	1,683 33	495,542 49	28	94
1890 -----	2,112 34	601,249 91	25	96
1891 -----	1,471 33	677,826 50	46	96
1892 -----	931 43	661,409 03	36	96
1893 -----	2,695 15	586,905 35	32	96
1894 -----	2,822 02	571,310 06	33	96
1895 -----	2,730 57	589,385 32	38	96
1896 -----	3,460 02	604,542 01	39	96
1897 -----	4,594 15	619,490 52	53	96
1898 -----	4,251 44	627,081 42	53	96
1899 -----	4,398 73	723,307 36	58	96

APPENDIX D

The following table, compiled from the auditors' reports for the respective years, shows the amount of the tax upon incomes in Alabama compared with the total state tax, and also the number of counties returning the income tax compared with the total number of counties in the state :

YEAR.	Income Tax.	Total State Tax.	Counties Returning Income Tax.	Counties in the State.
1870 -----	\$11,547 16	\$1,122,785 45	49	64
1872 -----	8,269 07	767,193 38	47	65
1875 -----	3,778 54	459,263 59	31	65
1879 -----	8,109 46	790,000 00	50	66
1880 -----	9,078 39	521,346 32	48	66
1881 -----	11,705 48	620,805 81	46	66
1882 -----	22,115 93	659,044 10	50	66
1883 -----	14,362 59	610,782 18	48	66
1884 -----	11,532 35	678,421 54	48	66

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